

WHAT GOT YOU HERE..
WON'T GET YOU THERE



ANNUAL REPORT
2019

BOARD OF DIRECTORS

Mr. Humayun Dhanrajgir
Chairman

Mr. Shreekant Bapat
Independent Director

Mr. Berjis Desai
Independent Director

Dr. Girish Telang
Independent Director (Up to Sept 12, 2018)

Mr. Samonnoi Banerjee
Director (Nominee of BC Investment IV Ltd)

Mr. Satish Mehta
Managing Director & CEO

Mr. Sunil Mehta
Executive Director

Dr. Mukund Gurjar
Executive Director

Mrs. Namita Thapar
Executive Director & CFO

COMPANY SECRETARY

Mr. Sanjay Kumar Chowdhary

STATUTORY AUDITORS

M/s BSR & Co. LLP, Chartered Accountants

INTERNAL AUDITORS

M/s Price Waterhouse, Chartered Accountants

COST AUDITORS

M/s B. M. Sharma & Co., Cost Accountants

SECRETARIAL AUDITORS

M/s SVD & Associates
Practicing Company Secretary

SOLICITORS

Parinam Law Associates,
Advocates & Solicitors

BANKERS

Axis Bank Limited
Bank of Baroda
Bank of Maharashtra
Export Import Bank of India
Siemens Finance
Aditya Birla Finance Limited

REGISTERED OFFICE

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Fax: 020-30610111

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Website : <https://emcure.com>

CORPORATE OFFICE

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Hinjawadi, Pune 411 057

Tel: 020-39821300

Fax: 020-39821400

OUR VISION

“Emerge as a technology driven global player offering high quality and cost effective healthcare”

OUR CORE VALUES

Integrity

Innovation

Quality & Patient Focus

Team Work & Respect

Value Driven



COMPANY OVERVIEW

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EMCURE **AT A GLANCE**

EFFECTIVE MEDICINE FOR CURE

Emcure's name embodies company's purpose and core belief – to make effective medicine accessible to patients, enabling them to lead healthier lives. Since its inception in 1981, Emcure has established a vertically integrated infrastructure for developing and manufacturing a wide range of medicines and marketing them in India and abroad. Emcure is, today, ranked amongst the leading pharmaceutical players in India.

SUCCESS THROUGH INNOVATION

Innovation, one of Emcure's core values, is ingrained in our culture and reflected in all our operations. Our Business Strategy, driven by an entrepreneurial spirit, has led us to adopt different business models across geographies. Emcure's operations are focused towards building a robust product portfolio including differentiated platforms such as Novel Drug Delivery Systems, Biosimiliars, Chiral chemistry, Injectables etc. Emcure aims at creating strong brand equity by promoting top class products. We are oriented towards serving our customers, consumers and community globally and thus we have the highest regard for quality. In a fast changing global pharmaceutical industry, it has been our constant endeavour to equip ourselves with required resources that would aid our growth.

BOARD OF DIRECTORS

NON-EXECUTIVE DIRECTORS



Mr. Humayun Dhanrajgir



Mr. Shreekant Bapat



Mr. Berjis Desai



Mr. Samonnoi Banerjee

EXECUTIVE DIRECTORS



Mr. Satish Mehta



Dr. Mukund Gurjar



Mr. Sunil Mehta



Mrs. Namita Thapar

SENIOR MANAGEMENT TEAM



Mr. Satish Mehta
Group Chief Executive Officer



Mrs. Namita Thapar
Executive Director,
Chief Financial Officer



Mr. Samit Mehta
President,
Research & Development



Mr. Vikas Thapar
President,
Corporate Development & Strategy



Mr. Sanjay Mehta
President - Commercial



Mr. Sunil Mehta
Executive Director



Dr. Mukund Gurjar
Executive Director,
Chief Scientific Officer



Mr. Prashant Parashar
President,
Global Human Resources



Mr. William Marth
President and Chief Executive Officer,
North America & Europe



Dr. Sanjay Singh
Chief Executive Officer,
Gennova Bio-Pharmaceuticals Ltd.



Mr. Prakash Guha
Managing Director,
Zuventus Healthcare Ltd.



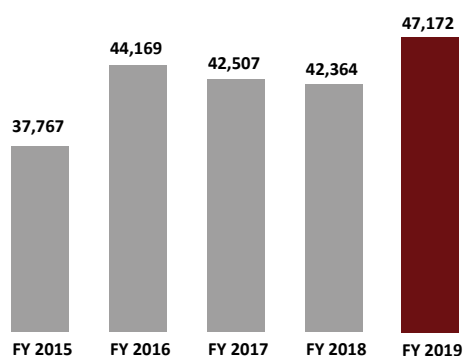
Dr. Steven Hagen
Executive Vice President,
Quality Compliance



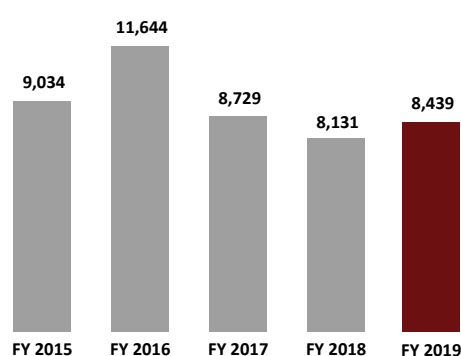
Mr. Frank Katona
Global Head,
Operations

CONSOLIDATED FINANCIAL HIGHLIGHTS

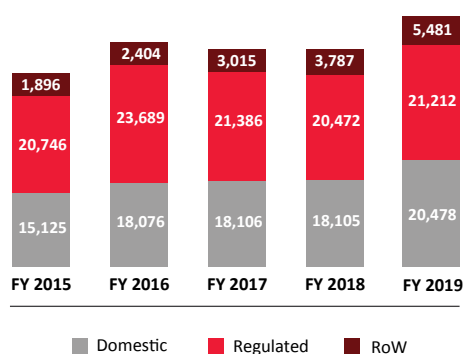
Consolidated Revenues (INR Mn.)



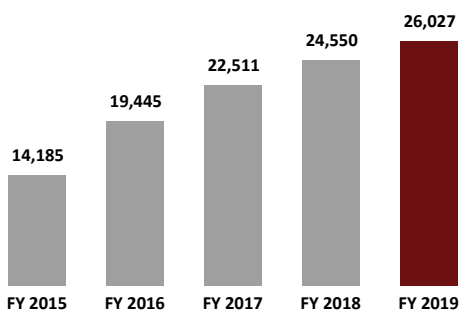
EBITDA (INR Mn.)



Geographywise Revenues (INR Mn.)

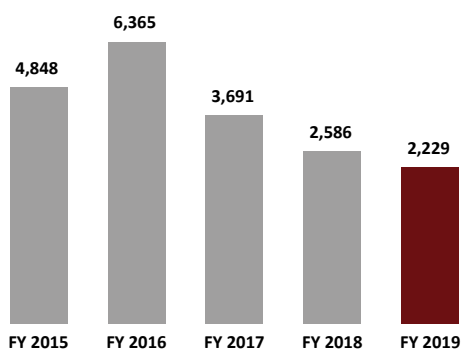


Net Worth (INR Mn.)

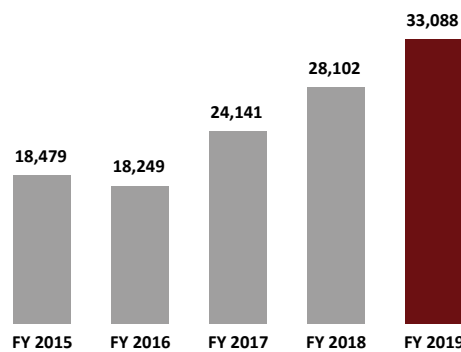


■ Domestic ■ Regulated ■ RoW

Profit After Tax (INR Mn.)³



Gross Block (INR Mn.)



Note 1: Figures mentioned above for FY15 are as per IGAAP whereas for FY16, FY17, FY18 and FY19 are as per Ind AS
 Note 2: Regulated markets represent Emcure's presence in US, Canada and Europe markets. Rest of the World represents Emcure's presence in countries in Africa, Latin America, the Middle East, and South East Asia and in Australia
 Note 3: PAT represents PAT before Other Comprehensive Income and excludes the impact of ANDA written off and amortization of goodwill in FY15 and exceptional items i.e. Legal settlement fees, USFDA remediation consultancy fees and legal fees on account of DOJ investigation in FY16, FY17, FY18 and FY19 and sale of property in UK, sale of investment in Konsina in FY 18 and DOJ settlement fees and reversal of SAR provision in FY19

CEO SPEAKS

Dear Shareholders,

FY 18-19 was a good year for your company, a year in which we took large leaps across geographies and also managed the profitability well. In terms of overall performance, revenue for the year was Rs.47,172 mn, growing at 11% over previous year, EBITDA was Rs.8,439 mn (17.9% of sales) and PAT was Rs.2,092 mn. We pride ourselves on having a diversified portfolio across key therapeutic areas and geographies and this diversification strategy has helped us and will continue to drive growth year after year.

The domestic business posted solid growth with revenues of Rs.20,478 mn, up 14% from previous year, recovering well from the impact of GST in the last fiscal. We are focused on making the India business our key growth driver and with this purpose in mind, we have brought in Mr. Pratin Vete as the President of India Formulations. He has over 30 years of pharma experience with major companies like Novartis, Sanofi and Cipla. We are confident that under his leadership along with our other new key appointees, India Formulations will scale newer heights by bringing in continuous every day improvements. Zuventus continues to grow year over year under the leadership of Mr. Prakash Guha. We remain highly optimistic about this business line. We are committed to make the India business more technology driven and are taking various initiatives in automation and digitization.

Your company's initiatives to penetrate the market and launch new products have made it possible to post double digit growth in the Europe and Canada markets. While Europe grew by 14% to Rs.5,661 mn, Canada posted an impressive 34% growth to Rs. 3,065 mn. The US business



“With the wisdom of an established performance-based organization and vigor of a start-up, we foray into FY20 towards outstanding financial performance, superior processes and our pursuit to be the best.”

CEO SPEAKS

continues to see pricing pressures, new entrants and intense competition among existing manufacturers in the generics market which has led to a decline in US sales. Consequently, the overall regulated business reflected moderate growth over previous year with revenue of Rs.21,212 mn. These challenges have offered learning opportunities to optimize our strategies and make best use of available resources to drive growth. Under the guidance of Mr. William Marth and Mr. John Denman, we have revamped the core team along with the CFO and Head of HR and we are confident that this team will play an instrumental role in steering the business in the times to come.

The RoW markets (including Australia) gave a stellar performance growing at a phenomenal 45% to post revenues of Rs. 5,481 Mn in FY19 (10% of total revenues). The growth is largely attributable to ARV business demonstrating a y-o-y growth of 67%. In the Non-ARV segment LATAM markets showed robust growth, followed by Russia & CIS market. Building on the entrepreneurial & customer-focused approach and driving competitive advantages of our products in larger and more meaningful markets, we have delivered significant growth.

The year rang with a strong note as the USFDA approved our manufacturing facility at Sanand for complying to their stringent cGMP standards during the audit that was conducted in the year. In addition, we have substantially ramped up our capacity at our US facility at East Brunswick. We expect new launches for the regulated markets through our Sanand and US facilities. The Hinjewadi plant will primarily focus on products for Europe, Canada and Emerging markets. We expect stronger controls and compliance under the new leadership. Our further investments and process-driven measures will ensure we will keep our facilities upto the expectations of various regulatory bodies.

A key component of your Company's growth strategy has been to act on differentiated new product

opportunities and make the best of them. Our efforts in R&D driven by Dr Mukund Gurjar and Mr. Samit Mehta have been unwavering in our pursuit of developing specialty products and identifying opportunities in the domestic and global markets. Our strong progress in developing complex generics and orphan drugs will enhance our portfolio for our global market. This commitment to providing affordable care in oncology is evident from our recent launch of world's first generic version of Eribulin (Eribilin) with an aim to offer high-quality and proven-cost-effective treatment option to breast cancer patients in India. Eribilin is offered at substantially lower prices than the innovator. Quality and patient focus has always been one of our core-values.

The HR function under the leadership of Mr. Prashant Parashar continues to innovate and its new management platform Darwinbox has made the systems more organized and operations hassle-free. The entire work-force was on-boarded and it is one of the key technology-focused initiatives moving Emcure towards digital transformation. The IT team is focused on automation and introducing AI and ML technologies to strengthen our systems. With a future-focused approach, we are committed to invest in training workshops preparing our employees' to face challenges head-on and investing in future generation opportunities to learn and grow.

Our various support functions continuous and determined efforts to adapt and move towards a process-driven organization has been commendable. With the wisdom of an established performance-based organization and vigor of a start-up, we foray into FY20 towards outstanding financial performance, superior processes and our pursuit to be the best.

We thank you for your continued support over all these years and for helping us deliver value. Thank you for placing your trust and faith in us.

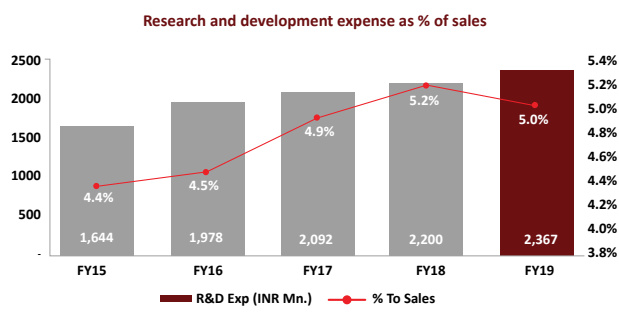


RESEARCH AND DEVELOPMENT

- Emcure's R&D efforts are dedicated towards development of differentiated pharmaceutical formulations, sophisticated characterization of complex molecules and product and process improvements to achieve better quality and productivity. The company has been growing its in-house Research and Development infrastructure and capability to develop a strong market position through differentiated products.

RESEARCH AND DEVELOPMENT

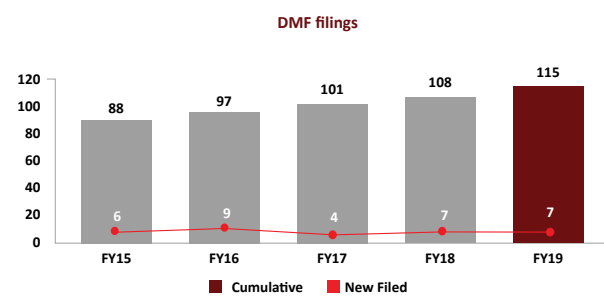
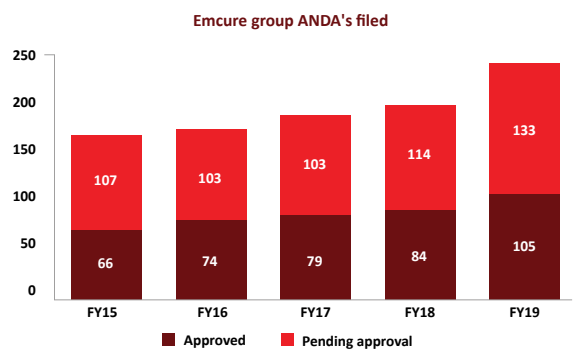
- The Research and Development team at Emcure comprises of more than 500 highly qualified scientists, including 11 post doctorates, 43 PhD's and 368 postgraduates. Emcure's R&D activities are spread across its 9 dedicated facilities, located in Pune (Bhosari, Hinjawadi, Pimpri), Ahmedabad and New Jersey. Of the 9 R&D centers, two are focused towards API research, five towards Formulations research and two towards Biotechnology research.
- In the current year, Emcure invested 5% of total sales in R&D activities, in line with our commitment to focus on R&D and build a strong and robust product pipeline. We are undertaking more complex products in our R&D portfolio, that coupled with the increase in regulatory guidelines and requirements has led to a significant increase in investment.



- Emcure's in-house regulatory affairs unit has significant expertise in filing product dossiers with regulators in the United States, the European Union, WHO-PQ and other jurisdictions and is capable of submitting DMFs, ANDAs and Marketing Authorizations in common technical document ("CTD") format.

Patents and ANDA Filing updates

- Emcure has made 14 ANDA product applications (including 3 injectable and 11 solid oral products) in FY19, taking the total number of ANDA filing as on March 31st, 2019 to 238 (including 28 Para-IV's). Total of 5 First to File products have been filed till date.



- Of this 105 products are approved. Moreover 14 tentative approvals were obtained in FY19, totally 56 as on March 31st 2019.
- 7 US DMF applications were made in FY19, taking the total number of DMF filings to 115 (92 DMFs Active). Apart from this Emcure has filed 13 EU DMFs, 08 CEPs as well as 6 DMFs in Canada (totally 15).
- As on 31st March 2019, 409 patent applications have been made, including 42 PCT applications. Total of 146 patents have been granted.

API Research

API research at Emcure focuses on synthesizing molecules that match the innovator product in the most robust and cost effective manner. With a commitment to deliver high quality and cost efficient healthcare to our customers, the API R&D team strives to develop efficient and robust process for generic compounds at a fraction of the available costs. The five pillars that form the base for API research in Emcure are:

RESEARCH AND DEVELOPMENT

- **Chiral Chemistry:** Emcure is recognized as the pioneer in chiral chemistry. Emcure has effectively developed and marketed 11 chiral molecules which have demonstrated greater effectiveness, safety and require lesser dosage than their non-chiral counterparts.
- **Polymer Based Chemistry:** Emcure has commercialized in India API's like Sevelamer Hydrochloride and Sevelamer Carbonate that are based on Polymer based chemistry.
- **Peptide Chemistry:** Our focus of research in this area involves both solid phase and solution phase peptide synthesis chemistry. The most critical segment of peptide research is the high end separation of peptides in order to ensure their structure, purity and potency. Emcure has perfected the science of separation of peptides at manufacturing scale by implementing state-of art technology along with the development of high-end skill set.
- **Complex Generic API's:** These products, owing to their complex structural parameters, require unique process maneuvering. Also, the characterization and bioequivalence studies, as per the USFDA guidelines, require sophisticated spectroscopic and biochemical analysis. All these requirements are built in-house to ensure safety and efficacy of complex generic APIs. We have already developed and commercialized some of these products, such as iron preparations and low molecular weight heparin, in the Domestic Market.
- **Onco products:** Emcure had always been a market leader in onco-products for both domestic market as well as regulated market. Keeping that commitment to the customers we have been able to develop extremely complex API's entailing multi-step transformation and concomitant generation of chiral centers.

Formulations Research

- Emcure's formulation research is centered towards developing multiple dosage forms and novel drug delivery systems, capable of greater

efficacy and better patient compliance.

- Ongoing product research is focused on dosage forms like:
 - Conventional solid dosage forms like immediate release tablets/capsules, effervescent tabs, soft gelatin capsules, orally disintegrating tablets/flash tablets;
 - Modified release dosage forms like delayed release tablets/capsules, MUPS, tablet in tablet, Pulsatile drug delivery system, osmotic drug delivery system, Extended/Controlled Release dosage forms, Time release dosage forms
 - Conventional Parental preparation including sterile solutions and suspension; onco and non-onco products
 - Lyophilized oncology products;
 - Novel injectable products (Nano-suspension and nano-emulsion injectables, liposomal drug delivery system and Long acting (Microspheres) injection);
 - Oral liquids (solutions, suspensions);
 - Transdermal Drug delivery system (Adhesive matrix, Hydrogels, Reservoir Drug delivery system);
 - Respiratory products (inhalers).

Biotechnology Research

Biosimilars:

- Our research on biosimilars use all three expression platforms, mammalian, yeast and bacterial, and perfusion-based bioreactor systems. We focus on developing recombinant therapeutic innovator products in three main therapy areas - Cardiovascular, Nephrology and Oncology. Some of our biosimilar manufacturing processes are patented in India.

RESEARCH AND DEVELOPMENT

Vaccines and mAbs:

- We have various vaccines and mAbs programs in the development phase that are funded by public- private partnerships. Funding for our vaccines and mAbs research has allowed us to collaborate with leading medical institutions on several blood stage and transmission blocking malaria vaccine candidates. These partnerships allow us to build our analytical capabilities as we build our in house mAbs program using perfusion based production system.



MANUFACTURING

- Emcure's manufacturing operations are spread across 11 manufacturing facilities, 10 in India (Pune, Sanand, Kurkumbh, Sikkim, Bangalore and Jammu) and 1 in New Jersey, United States.
- Your company continues to invest in improvement of manufacturing facilities to keep them up to expectations of various Regulators (including USFDA where we are undergoing remediation efforts) and for capacity expansion requirements.

MANUFACTURING

- We made tremendous progress at our new injectable facility in Sanand, Gujarat. The site was inspected and approved by USFDA during the year and we have commenced commercial manufacturing. We expect new launches for the regulated markets from this facility.
- We undertook expansion in the New Jersey facility in US which was inaugurated last year, doubling the solid oral dosage manufacturing capacity at the plant.
- We are further expanding our manufacturing capacity in the Pune, India facility where 5 new production lines (including Propofol injection, aseptic sterile vials, isolator based aseptic PFS line) are under qualification. Vial line 2 in oncology division and Vial line 4 Isolator based line in sterile division have been commissioned.
- The Hinjewadi facility, which is our major campus for supplying products to the regulated markets, was placed under import alert by US FDA in July 2015. In response to the event, the company has implemented series of changes that have systemic impact including hiring new mid and senior level managers, investing heavily in employee training and automation of manufacturing activities.
- We have implemented various systems such as eBMR, Trackwise and LIMS for electronic controls for documentation management.
- We remain committed and steadfast on our focus to maintain high quality standards and streamlining its manufacturing procedures to ensure compliance with increasing regulatory requirements.
- During the year, our facilities were audited by the WHO-Geneva, Turkey, Croatia, GCC, Nigerian, Ukraine and Russian regulatory authorities. The US FDA also inspected the facility. Our OSD unit has received approval from WHO-Geneva, this was a joint inspection with USFDA team in February 2019.

Manufacturing capabilities:

1. Solid Orals:

- Our solid oral manufacturing capability is spread across different forms including dissolvable and chewable tablets and hard and soft-shelled capsules with a focus on controlled release.
- We have taken various steps to enhance and improve our production capabilities: -
 - We have enhanced our capacity for Immunosuppressants from 2 million tables to 10 million tablets/capsules per month by overhauling the equipment.
 - We have implemented Track & Trace systems in the packaging units in line with EU & US compliance requirements.
 - All our manufacturing equipment has been upgraded with software to make them 21 CFR Part 11 compliant, in line with requirements in the regulated markets.
 - Capacity of pellet manufacturing has been increased by installing additional Wooster coater.
 - Packaging capacity was increased by putting high-speed blister packaging machine (Uhlmann blister packaging machine with cartonator).
 - eBMR installed and qualified for online batch manufacturing records – this has been Implemented on pilot basis for one product and will be expanded to other products.

2. Injectables:

- We handle different packaging formats, such as vials and pre-filled syringes, and forms, such as lyophilized and liquid at our injectable facilities. We are also capable of producing high potency injectable, particularly oncology products through complex processes.

MANUFACTURING

3. APIs:

- Having dedicated API manufacturing facilities is an added advantage as it helps in vertically integrating the company's manufacturing operations and helps to control quality and cost.
- Two of our facilities, Kurkumbh and Pimpri are dedicated towards API manufacturing. The Kurkumbh plant has separate blocks that simultaneously manufacture distinct APIs like intermediates, iron compounds, general purpose APIs and Cytotoxic drugs.
- An independent Corporate Quality and Compliance team, led by/ Dr. Steven Hagen, monitors and regulates all activities related to quality, health and safety at our manufacturing facilities, through timely reviews and audits.
- During the year we also appointed Mr. Frank Katona as Global Head of Operations – Developed Markets. Frank will be responsible for the management of all operations for each of the manufacturing plants (formulations) for the developed markets.



HUMAN RESOURCES

With the changing business landscape, Human Resources in Emcure has played a pivotal role in supporting the diverse and ever evolving business requirements. For the year 18-19, HR focus was on influencing organisation culture, retention of critical talent, HR automation and enhancement of people productivity to emerge as the envisioned future-ready company.

HUMAN RESOURCES

Annual Kick-off Meet for Regulated Markets

In February 2019, Emcure organised a 3-day Annual Kick-off meet for Regulated Markets. Leaders shared their perspectives on the year 18-19 and presented projections and plans for the year 2019-20. The forum also discussed key investment priority areas and support required to grow their respective businesses and achieve their goals for the year 2019-20.



HR Automation

We transitioned to a consolidated HR technology platform enabling implementation of new age HR practices, master employee databases and people analytics. The objective of rolling out digital platform was to bring in transformation through enhanced employee experience, automate transactional aspects and provide an online consolidated suite of HR functions enabling support of business priorities and employee engagement.

Project Aspire – Plant Optimization Program

For project Aspire, a benchmark study report by a leading consulting firm was utilized to implement Organisation Design to create an optimum structure with reduced layers and line-staffing specifically for our Hinjawadi plants. HR collaborated closely with the plant leadership team to facilitate the

new structure for increased productivity, plant optimization and setting the stage for greater accountability.

Formation of Operational Excellence Team – Hinjawadi Plants

A focused and cross-functional Operational Excellence Team was formed to bring initiatives on process simplification, process improvement, cost optimization and best practices for plant operation. This resulted in increase in productivity and cost optimization. The team underwent trainings in appropriate training programs to build competency and ensure continuity.

Compensation & Benefits

Compensation packages are now being designed to include a basket of flexible allowances, giving employees the opportunity to choose and align

HUMAN RESOURCES

their compensation as per their preference within a defined set of options. We introduced flexible compensation structures to our employees enabling them to choose certain components relevant to them. New flexible components of National Pension System, Digital Food Wallet and Professional Development were introduced to enable choice based on life stage of an employee.

Learning & Development

Our Corporate L&D and Marketing training team continues to facilitate Learning & Development initiatives to build professional capabilities and enhance employee technical and behavioural skills. These trainings cover employees across all grades, functions and locations to enhance productivity and sustain healthy work culture. For FY 18-19 over 30 plus Lead Programs on Behavioural/ Leadership and technical competencies were conducted which covered over 6000+ employees. Some highlights are as below:

- Creating coaching culture “Performance Based Coaching: i-COACH programs” were conducted for leadership development intervention covering more than 80 senior management members.
- Emcure in collaboration with Cambridge University crafted and conducted “Enhancing English language proficiency skill” required for pharmaceutical industry, this training was delivered and covered more than 120 supervisors from quality and operation of different plants.
- Conducted Assessment/ Development Center covering 600 plus employees from plants and various functions.
- Six sigma Green belt certification as part of Operational excellence for Operation and R&D.
- Programs like Design Thinking for new age of Thinking & Business Financial Acumen “How Do we Make Money” were conducted for managers.
- “Leading with Self-Change – Vikasachi Navi Dalne: Phase 3” was conducted for permanent operators at all manufacturing plant of Pune & Kurkumbh covering more than 400 plus employees.
- Various technical trainings and refresher programs for our field levels employees.



L&D - Design Thinking workshop organised

HUMAN RESOURCES

Employee Engagement

Various initiatives were undertaken under our Employee Engagement umbrella to motivate employees, celebrated their talents and recognize their exceptional contributions towards the organisation.

Prerna - An exclusive initiative for the women employees of Emcure. The 4 pillars of Prerna are eminent women speaker series, networking lunches and feedback, women oriented training and CSR for the girl child. Some memorable occasions were Prerna Talent show on International Women's Day and some specific workshops requested by our Prerna members in areas of etiquette and grooming. In our women speaker series, renowned women leaders across different walks of life informally share their knowledge and perspective in their respective fields.



Prerna Talent Show organized on International Women's Day 2019 - Performance



Prerna Talent Show organized on International Women's Day 2019 - Group photo

HUMAN RESOURCES

Lunch Meetings with Leaders – Emcure organises informal lunch meetings with our CEO and business leaders, giving employees an opportunity to interact with Senior Management Team, understand the business, opportunities and expectations. Leaders develop a personal connect with employees and share their personal growth journey.

Employee Reward and Recognition – An initiative to recognise and fête exceptional performance of employees in their respective work area via Spot awards. Teams were given an opportunity to have lunch with CEO as part of recognition for suggesting productivity measures.

Aarambh – An initiative to recruit and groom fresh postgraduates in the areas of Microbiology and Analytical Chemistry. In order to bridge the gap between academics and industry requirement of qualified talent pool, as a pilot study Emcure collaborated with several colleges for an industry guided curriculum, sessions by industry experts and continuous engagement with the students. We enrolled students from Fergusson College, Garware

College and Vidya Pratishtan in Pune. All of were put through an extensive induction/orientation programme and placed in various units.

The NEEM scheme was implemented in our Kurkumbh and Hinjawadi facility in association with TISS Mumbai and Yashaswi Group with an objective of apprenticeship training. Science students were selected for an apprenticeship in Emcure and having a pool of skilled manpower.

Diversity, Celebrations and Social Consciousness– Emcure celebrated diversity and showcased employee talent through a variety of activities like Annual Day cultural celebrations at Gujarat, celebration of Kite Flying festival, Traditional Day celebrations across units, Prerna Talent show on International Women’s Day, Birthday celebrations, Emcure Cricket Tournament, Safety week, Road Safety Week celebrations and competitions and Carrom Championship. As part of our social consciousness endeavours, Emcure organised tree plantation drives on World Environment day.



R&D Champions League 18 Tennis ball cricket tournament - Winners Seniors

HUMAN RESOURCES



Traditional day celebrations at Sanand



Kite flying festival celebrations



MANAGEMENT **DISCUSSION & ANALYSIS**

Global
Pharmaceutical
Industry spending
will hit

US\$ 1.5 tn
by 2023

US spending
will be
US\$ 655 bn
by 2023

66
innovator
biologics
due to come
off-patent in the US
between
2020 and 2025

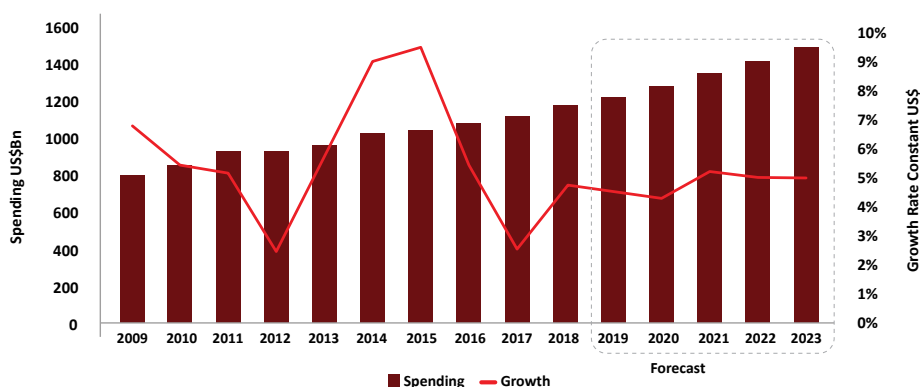
Specialty
spend will be
50%
by 2023

MANAGEMENT DISCUSSION & ANALYSIS

Global Markets Overview

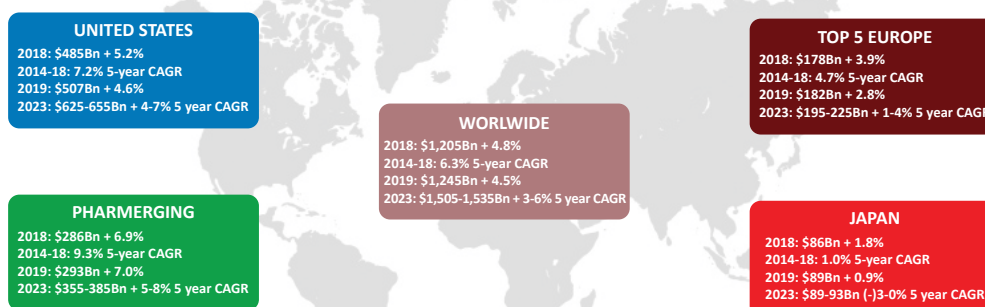
- The global pharma market is a \$1.2 trillion industry (2018) and is set to exceed \$1.5 trillion by 2023 representing growth at a CAGR of 3-6%. (Source : IQVIA Outlook 2023).
- The increase in spending will primarily be driven by developed markets and their adoption of a wave of newly launched innovative products , net price increases on patented products and expansion of access to healthcare services through government reforms on insurance in various emerging markets including India.
- The key drivers of growth will continue to be the United States (4-7%) and pharmerging markets (5-8%) CAGR.
- Growth in the United States will be driven by new launches and the emergence and growth of biosimilars, being offset by losses of market exclusivity of branded products.
- The industry has faced several challenges in the past year – political uncertainty, increased pricing pressures, channel consolidation, higher pressure on payors to reduce healthcare costs, increased patient empowerment, more stringent regulatory environment, and lower number of approvals by the USFDA.
- Companies have had to adapt by making several changes such as: (i) newer business models, (ii) increased focus on productivity using leaner and more integrated models, (iii) targeting of new markets, (iv) inorganic capability building, (v) higher adoption and leveraging of new technologies. Such a transitional journey is inevitable.

Global Medicine Spending and Growth 2009-2023



Source: IQVIA Market Prognosis, Sep 2018; IQVIA Institute, Dec 2018

Global Medicine Spending and Growth in Selected Regions, 2018-2023



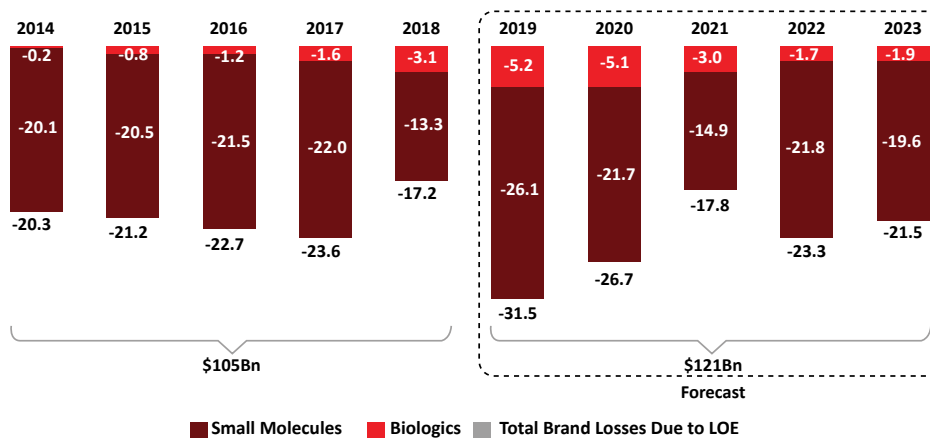
Source: IQVIA Market Prognosis, Sep 2018; IQVIA Institute, Dec 2018
 Notes: Market sizes shown in US\$ with actual and forecast exchange rates; growth shown in constant dollars at Q2 2018 exchange rates; Japan growth decline on constant dollar basis is due to exchange rate dynamics

MANAGEMENT DISCUSSION & ANALYSIS

Loss of exclusivity

- The expected impact of losses of exclusivity globally is expected to be \$121 billion between 2019 and 2023, with the United States accounting for just under 80% at \$95 billion.
- This offers a unique opportunity and your company has been actively launching multiple generics in global markets.

Developed Markets Impact of Brand Losses of Exclusivity 2013-2022, US\$Bn

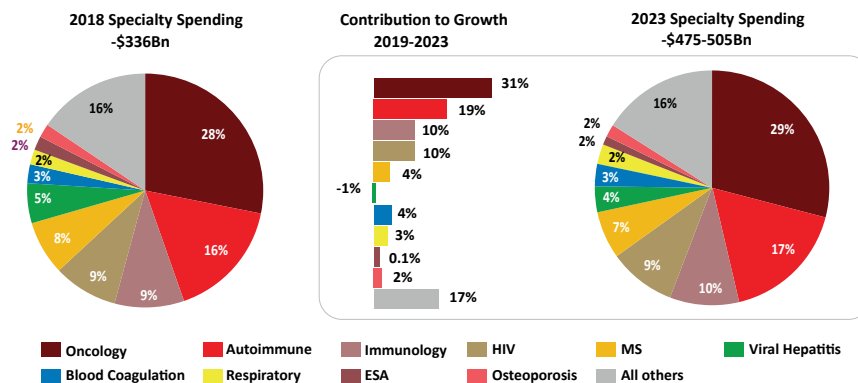


Source: IQVIA Market Prognosis, Oct 2018; IQVIA Institute, Dec 2018

Specialty medicines

- Specialty medicines spending will reach \$475-505 billion in developed markets by 2023 and will constitute 50% of total spending by 2023 in most developed markets as the majority of new medicines have been and will continue to be in specialty classes. The ten developed markets represent 66% of global spending with specialty share of spending across the countries rising from 42% in 2018 to 50% in 2023. The growth will be driven by the five largest specialty therapeutic classes: oncology, autoimmune, immunology, HIV and multiple sclerosis, driving 74% of the growth.

Specialty Medicines Spending and Growth in Developed Markets



Source: IQVIA Therapy Prognosis Global, Jun 2018, IQVIA Institute, Dec 2018
 Notes: Therapy shares based on eight developed markets: U.s., Japan, Germany, France, Italy, Spain, U.K., Canada, MS = multiple sclerosis; ESA = erythropoiesis stimulating agent

MANAGEMENT DISCUSSION & ANALYSIS

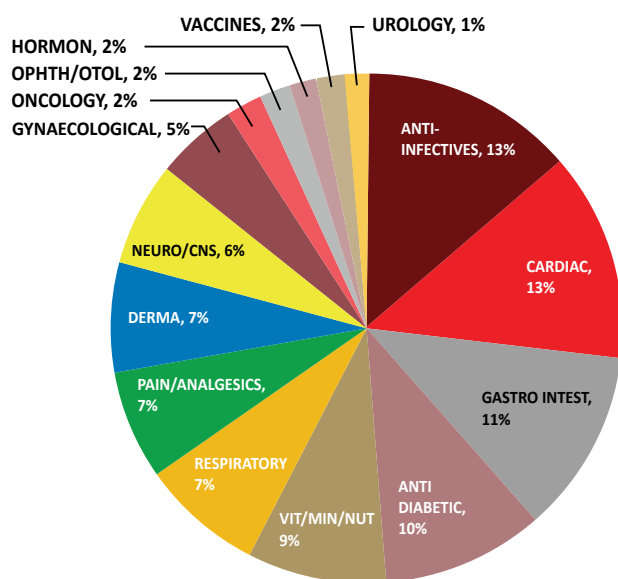
The Indian Pharmaceutical Market

- The Indian Pharmaceutical Market (IPM) is one of the fastest growing markets globally, growing at a rate of 10% per annum*, despite recent impact of demonetization and GST roll-out.
- Globally, India is the largest exporter of generics, by volume, with the total Indian pharma export market estimated at USD ~17 Bn, which is in addition to the domestic market of USD ~18 bn. India accounts for ~40% of generic drug approvals in the US thereby indicating increasing relevance of India in the global pharma market.
- Augmented by the growth in domestic and export markets, India's pharma industry is set to rise by 9-11 % to ~ \$42 bn in FY20. While on the domestic front, the industry is expected to grow at around 12 % and reach \$21 bn during FY20, exports are likely to touch \$21 bn at a growth rate of 8 to 10 %, according to a study by Care Ratings.
- The growth will be led by growth in sales of cardiac medications and anti-diabetes medications, an indicator of the growing burden of chronic lifestyle diseases.

- Indian companies are likely to focus on development of specialty medicines or complex generics to augment their portfolio and increase share in world exports.
- The need for affordable healthcare in pharmemerging and developed nations and rising per capita incomes are likely to support exports of branded generics to these countries. (Manufacturing & Service Industries: Review FY19 & Outlook FY20).
- In addition to this, patent expiry or loss of brand exclusivity is also expected to result in higher exports of generic drugs.
- In recent times, increased pricing pressures in US market, has prompted Indian companies and the investor community to shift their focus to expanding and understanding the domestic business, respectively.
- Some of the ongoing structural changes in the domestic formulations industry will have a significant impact of the industry :

- a) Jan Aushadhi: In the last couple of years, Jan Aushadhi has emerged as one of the flagship schemes of the government in the healthcare sector, with number of stores increasing to ~5,300 as of Mar 2019 (vs. ~3,700 at Mar 2018 and ~800 at Mar 2017). Currently, more than 1,000 drugs are distributed at prices 50-90% below those of leading brands, resulting in significant value erosion in branded generic market.
- b) Changes in the channel: Pharma channel has witnessed significant changes in recent years – faster growth in hospital channel sales, consolidation of retail channel and emergence of e-pharmacies are some of the important ones. There are potential challenges due to channel de-stocking, especially on the trade generic business in India
- c) Trade generics gaining prominence: Share of trade generics has increased in recent years; IQVIA estimates the share of trade

IPM - mix by therapeutic segment



Source: AIOCD MAT Mar' 19

MANAGEMENT DISCUSSION & ANALYSIS

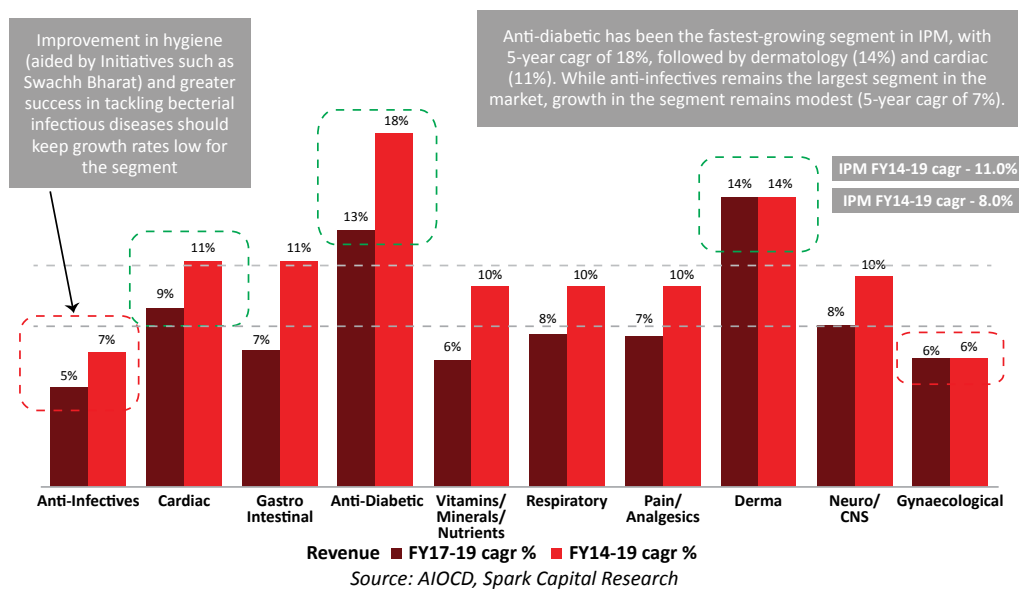
generics at 5-6% of the Indian pharma market by value and at ~20% by volume. Trade generics are not promoted to doctors and sales is typically chemist driven. For the channel, higher margins act as incentive for promoting trade generics.

- d) Regulatory scrutiny on fixed dose combination (FDC) drugs: Greater regulatory scrutiny on FDCs in recent years and the greater sensitization of doctors regarding the irrationality of many FDCs have led to lower number of new launches in recent years. Partly offsetting the impact is the growing market for patented & in-licensed drugs.
- e) Expansion of price/margin controls: NLEM, which forms the basis for price controls, has

expanded significantly in the last few years – from 348 drugs in FY11 to 1,002 currently.

- f) Changing disease profile: Changing demographics and rising incidence of lifestyle disorders reflect in the changing therapy mix of Indian pharma market. Faster growth in segments like anti-diabetic drugs and growing share of chronic therapies will continue
- g) Consolidation in the pharma industry: Given the low entry barriers, influx of new players continue in the Indian pharma market, leading to stagnant market shares for top 10/top 20 players in recent years. There will be an uptick in M&A activity in the domestic market, accelerating consolidation in the sector.

#6 Changing disease profile - slowdown in recent years across therapies
Anti-diabetic, cardio and derma - faster growing segments of IPM



MANAGEMENT DISCUSSION & ANALYSIS

Overview

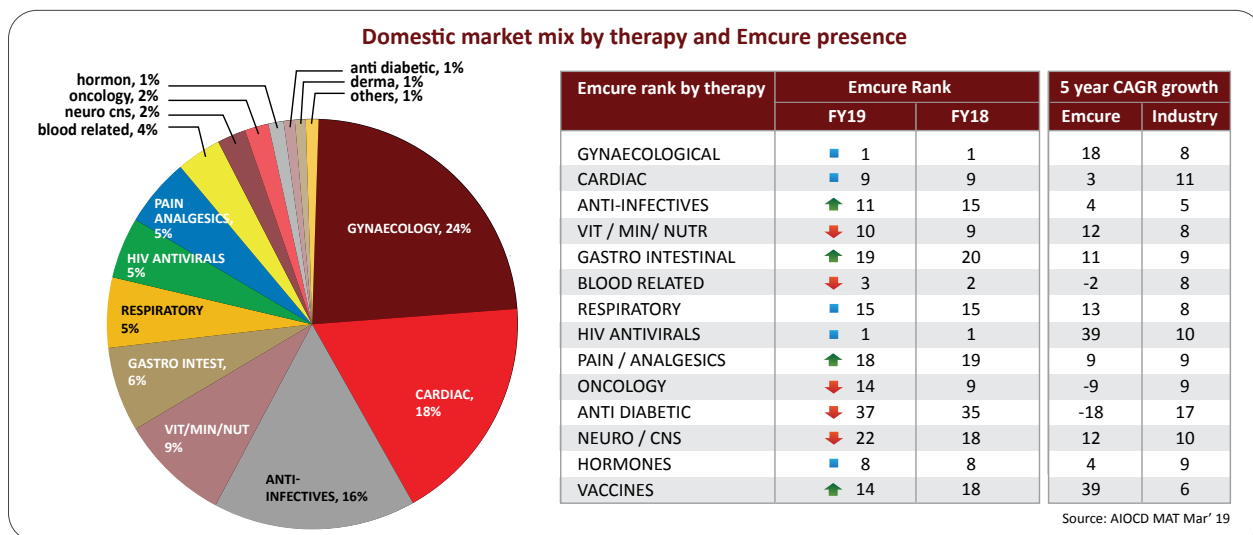
- Emcure is an integrated global company, engaged in developing, manufacturing and marketing broad range of pharmaceutical products across countries.
- The Company has a global presence and sells its products in India, the United States, Canada, Europe and emerging markets including countries in Latin America, Asia Pacific region and Africa.
- We have around 10,000 + employees with close to 400 located outside India.
- Majority of our revenues are from sales of differentiated pharmaceutical products developed in-house and commercialized through our marketing infrastructure across geographies and relationships with multi-national pharmaceutical companies.
- The consolidated revenue was Rs.47,172 Mn in FY 19, posting a growth of 11% over previous year, primarily driven by growth in the Domestic markets, Emerging markets, Canada and Europe markets.
- Through our portfolio of products, we operate in multiple therapeutic areas primarily gynaecology, cardiac, dermatology, anti-infectives, anti-retrovirals, gastrointestinal,

respiratory, oncology, cardiovascular, pain management and vitamins.

Business performance

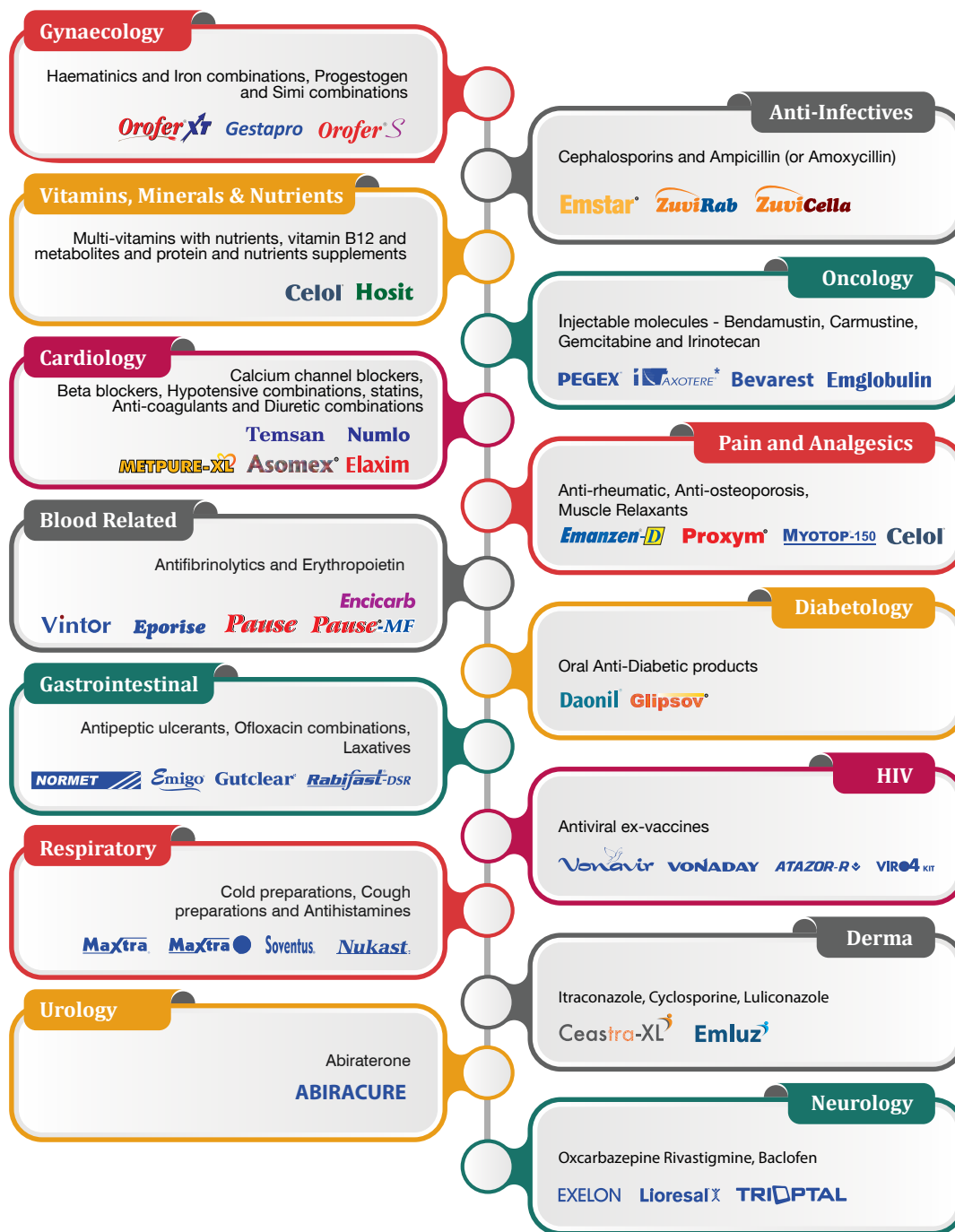
Domestic business

- Emcure's India business continues to be the most important market for the company, constituting 43% of the turnover. Domestic business contributed Rs.20,478 Mn to revenues, a growth of 13%, recovering from the impact of GST in the previous year. Emcure has established its presence in all the major therapeutic areas and created a niche position for itself in the domestic market. With our focus on building the width of portfolio, we have become one of the market leaders in many of the therapy areas that we operate in.
- In terms of industry comparison, Emcure is ranked 12th in terms of sales in the domestic market [Source: AIOCD MAT Mar'2019].
- In terms of therapies, we are ranked No.1 in HIV, No.1 in Gynaecology, 3rd in Blood related therapy, 8th in Hormones, 9th in Cardiac therapy and 14th in Oncology. [Source: AIOCD MAT Mar'2019]. Emcure's 7 brands feature in the Top 300 Brands of the Indian pharma market.
- Emcure has a strong field force of 5,000+ professionals that engage with doctors across



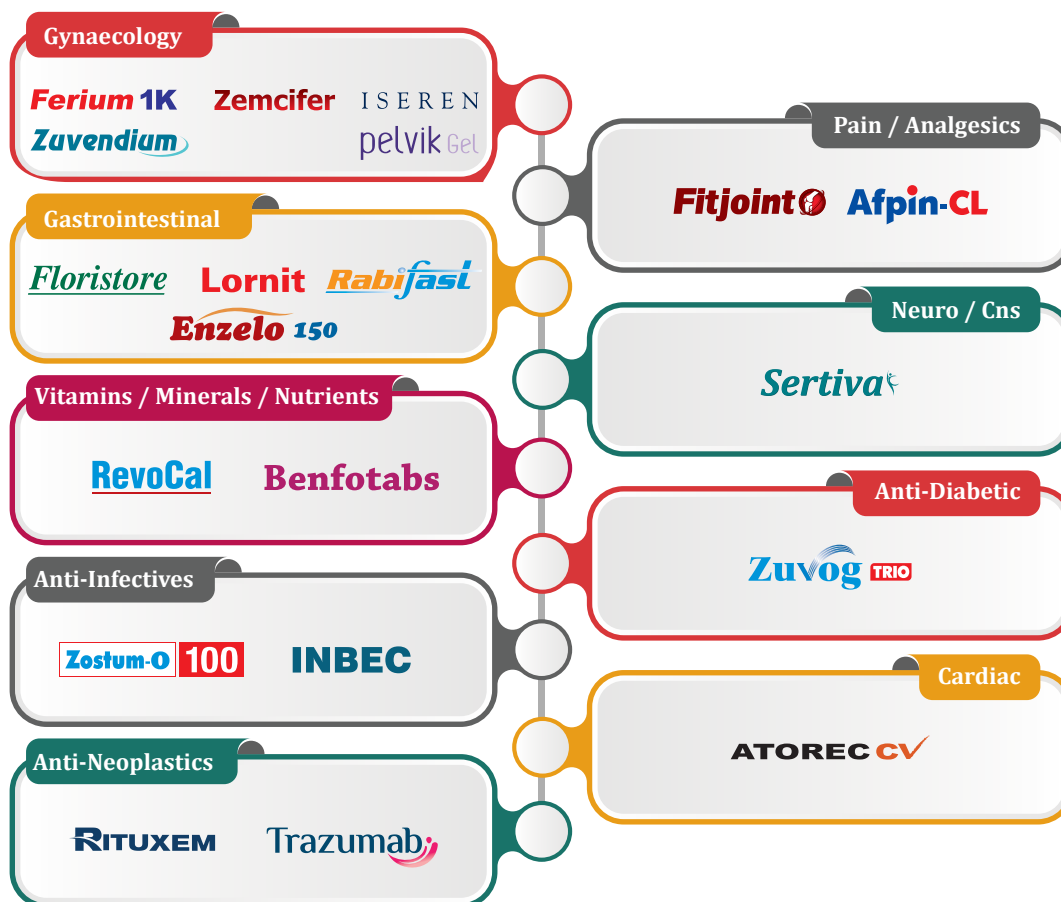
MANAGEMENT DISCUSSION & ANALYSIS

- specialties which has lead Emcure to create its dominance in the Indian market.
- We also have a rich in-licensing portfolio and partner with MNCs such as Sanofi for its products – Lactacyd and Daonil and with Novartis for Trioptal, Lioresal and Exelon.
- At the heart we are committed to providing affordable care and that is evident from our recent launch of world's first generic version of Eribulin (Eribilin) with an aim to offer high-quality and proven-cost-effective treatment option to breast cancer patients in India.



MANAGEMENT DISCUSSION & ANALYSIS

- During the year, Emcure launched products primarily under the Gynaecology, Vitamins, Anti-infectives, Pain and Gastro therapies.



MANAGEMENT DISCUSSION & ANALYSIS

Rest of the World (ROW):

- Revenue from RoW markets (including Australia) was Rs.5,481 Mn in FY19 representing 12% of global revenues. Revenue has grown 45% over previous year largely attributable to ARV business demonstrating a y-o-y growth of 67% while Non-ARV grew 29%. In the Non-ARV segment LATAM markets showed robust growth, followed by Russia & CIS market.

Our performance in the regulated markets

Regulated business

- Our regulated business touches geographies in the United States, Canada and 25+ countries in Europe.
- The business posted revenue of Rs.21,212 mn, remaining fairly flat over previous year, driven by robust growth in Europe and Canada, which was offset by decline in US sales.
- Revenue from the US business was INR 12,487 mn representing 26% to global sales. Revenue witnessed a decline over previous year by 6% primarily due to
 - Pricing pressures and intensified competition.
 - The Hinjewadi facility, which was the primary plant for supply to the US market remained under import alert throughout the fiscal year, which hampered our ability to launch new products.
- We are extremely optimistic for the future. Our new injectable facility at Sanand, Gujarat received US FDA approval and will help us scale rapidly in the coming years. We have also ramped up the oral solids capacity at our New

Jersey plant in the US and expect to monetise these investments in the next year.

- We are focused on strengthening and expanding our product portfolio - Our R&D team continued to file new product and API applications - 14 ANDA product applications (including 3 injectable and 11 solid orals) and 7 US DMF applications were made during FY19.
- Your company also acquired a portfolio of 23 ANDAs, covering 17 product families, all of which are approved by the US FDA.
- With this your company now has a strong portfolio of 238 filings (including PEPFAR products) of which 105 are approved.
- We are hopeful that the import ban on Hinjewadi facility by the US FDA will be lifted in the near future and that will further give impetus to growth
- On the case with the United States Department of Justice, Heritage entered into a deferred prosecution agreement (“DPA”) with the United States Department of Justice, Antitrust Division (“DOJ”) and separately agreed to a settlement with the United States Department of Justice, Civil Division to resolve potential civil liability under the False Claims Act in connection with the antitrust conduct. Emcure also entered into a corporation & non-prosecution agreement (“NPA”) with DOJ under which the company, and its current officers, directors and employees received non-prosecution protection in exchange for its agreement to provide corporation into the DOJ’s investigations. These resolutions fully resolve company’s potential exposure in connection with the DOJ’s ongoing investigation into the generics pharmaceutical industry. With this we hope to put this issue behind us and focus on strengthening operations and growth.

MANAGEMENT DISCUSSION & ANALYSIS

Europe:

- The Company's business in Europe posted revenues of Rs.5,661 Mn constituting 12% of global revenues. The business witnessed 14% growth over previous year driven by growth in the base business and penetration in the new geographies. We also established a subsidiary in Netherlands to establish footprint in the market.
- We continue to proliferate product presence across European markets through new product registrations of Emcure pipeline and extending existing product dossiers across Europe through MRP/DCP process. During FY19, 13 MA's and 13 EU DMF applications were filed across key EU markets.

Canada:

- The Canadian business posted a 34% growth over previous year with a revenue of Rs.3,065 mn driven by increase in market penetration, consolidation of base business and new product launches.
- The business is poised for growth with a robust pipeline of Emcure and 3rd party products – we have filed 31 Emcure ANDAs in Canada (4 in this year) of which 22 are approved and 11 launched.



RISKS

PRINCIPAL RISK FACTORS AND UNCERTAINTIES

Company's business operations are subject to certain risks that may affect its operations and ability to achieve its objectives. The principal risks and uncertainties are identified below. The risks have not been listed in order of their importance. There may be other risks and uncertainties that are currently not known to the Company, or which are deemed to be immaterial.

RISKS

RISK RELATED TO ECONOMIC & POLITICAL ENVIRONMENT ACROSS THE WORLD

The Company's operations span across the globe. Changes in the economic or political conditions in different countries may have an unfavorable impact on the company's business performance. The extent of the Company's product portfolio and geographic presence assists in mitigating the exposure to any specific localized risk to a certain extent. The Company considers such external uncertainties while doing periodical reviews of its operations and business strategy in order to mitigate against such changes.

RISK OF COMPETITION, PRICE PRESSURE AND GOVERNMENT CONTROLS ON PRICES

Rising healthcare expenses is a key area of concern across the world with policy makers working hard to contain both private and government expenditure on healthcare. This increased focus creates constant pressure on prices of pharmaceutical products. In India, Emcure's single largest market, the government exercises control of price of specified pharmaceutical products through its Drugs (Prices Control) Order, (DPCO) and is contemplating inclusion of additional essential drugs. In some markets, major purchasers of pharmaceutical products have the economic power to exert substantial pressure on the prices or the terms of access to the products. In addition, competition amongst the global generic pharmaceutical industry is intensifying. Increased pricing regulation and competition will have impact on company's revenues and profits. The Company makes conscious efforts to launch new value added products with some differentiation which can fetch better pricing.

REGULATORY AND COMPLIANCE

With increased focus by the regulatory authorities on patient health and safety, the pharmaceutical industry is witnessing more stringent regulatory and compliance requirements being enforced. Stricter regulatory controls heighten the risk of changes

in product profile or withdrawal by regulators on the basis of post –approval concerns over product safety. There is also greater regulatory scrutiny, on advertisement and promotion in particular on direct-to- consumer marketing. Any deviation from the prescribed regulations can lead to strict actions from regulatory authorities and/or litigation from customers. The company strives constantly to adhere to the quality standards and has so far maintained a credible track record while facing periodic audits from several global regulatory agencies. In its effort to comply with the increasing regulatory requirements, the company may incur higher costs. In addition, the company has taken 'Product Liability' insurance as a safeguard against such action / litigations.

RESEARCH AND DEVELOPMENT RISK

The company constantly spends a significant portion of its revenues in research and development activities required to develop new commercially viable products as well as the development of additional uses for existing products in order to have a robust product pipeline. Development of new pharmaceuticals products is investment intensive, having a longer gestation period with uncertain outcome. The failure of the product after significant investment of Company's economic and human resources, may adversely impact the company's performance. The company also faces litigation risk from competitors holding either product or process patents, in case the company's products or processes are claimed to infringe such intellectual property rights. The selection of products for development are done after exhaustive screening and research. The Company undertakes a continuous evaluation, both scientific and financial during the development stage.

FOREIGN EXCHANGE FLUCTUATIONS

The Company operates in several international markets and derives roughly half of its total revenues from sales of products outside India in several currencies. It also utilizes foreign currency debt for its operations outside India. These activities expose the company's profitability to currency movement. The Company though enjoys a natural hedge, it

RISKS

actively monitors the movement in currencies and make all efforts to minimize the currency risk exposure. It does not engage in trading of financial assets for speculative purposes nor does it write options.

ENVIRONMENT, HEALTH, SAFETY AND SUSTAINABILITY (EHSS)

The environmental laws of the various jurisdictions in which the Company operates imposes various obligations on the Company. Failure to manage the environmental risks could lead to significant harm to people, the environment and communities in which the Company operates thereby leading to falling short of stakeholders expectations and regulatory requirements. The Company thrives to effectively

manage EHSS risk and seeks to eliminate hazards where practicable. The Company's efforts to improve environmental sustainability have led to reduction in hazardous waste and consumption of resources.

INTERNAL CONTROL SYSTEMS

The Company has an established process to identify various risks and accordingly formulate and implement mitigation strategies through an independent and robust internal audit system. The internal auditor's reports and recommendations are reviewed and endorsed by the Audit Committee of the company. The overall policy and framework for managing risk is reviewed periodically by top management to ensure that requisite internal control mechanisms are in place.



CORPORATE SOCIAL RESPONSIBILITY

In the year 2018-19 we continued the momentum of our CSR initiatives, with the company taking up different projects that contributed and positively impacted people, society and our planet.

CORPORATE SOCIAL RESPONSIBILITY

HEALTH

Emcure conducted various healthcare initiatives to create awareness about ways to lead healthier lives. Some projects are ongoing and some are conducted regularly on yearly basis.

- Emcure CSR has taken up the initiative for Living with Cleft Lip or Palate. Cleft lip and Cleft palate are birth defects that occur when a baby's lip or mouth does not form properly during pregnancy. Emcure sponsors the surgery of these children who belong to remote areas or economically marginalized families. Cleft surgery gives hope to these children and enables them to get a chance at leading a normal life.
- Emcure celebrated "Rose Day" with CPAA (Cancer Patients Aids Association) in 12 hospital and covered 600 patients. We wanted to give the cancer patients a momentum relief amidst their grueling treatment regimen and get society to collectively focus on Cancer as a human condition.
- Emcure organized 'Doctor's visit' for Gurukulam orphanage and slums like Balajinagar slum, Khandevasti slum and Wakad slum. Each year, Emcure adopts new villages and slums, where free medical services are provided through its appointed doctors, who pay weekly visits and provide free consultation.
- Emcure organized free dental and general health checkup camps for children at Alegaonkar school and Range Hills Primary School, Khadki.
- Emcure celebrated 'Joy of Giving' week, where large number of Emcureans donated blood. Emcure also organized "Donate wearable clothes" campaign, which received an overwhelming response. The donated clothes were given to Goonj NGO for people in need.
- Emcure donated several health related medicines to NGOs and hospitals around Pune.



Dental check-up and Health check-up camps organized at SVS High School, Range Hills School and Alegaonkar Primary School.

CORPORATE SOCIAL RESPONSIBILITY



Dental check-up and Health check-up camps organized at SVS High School, Range Hills School and Alegaonkar Primary School.



Emcure celebrated "Rose Day" in association with CPAA (Cancer Patients Aids Association)

CORPORATE SOCIAL RESPONSIBILITY

EDUCATION

To enable children from marginalized economic background build a better livelihood in the future, the Company has put a lot of efforts in making education accessible to them.

- Emcure is sponsoring girls under 'Right to Education' at Riverside school in Gujarat.
- Emcure donated 100 bicycle to school girls and Aaganwadi Sevika's of remote and rural parts of Pune and Satara District in association with Mentor Foundation.
- Emcure distributed school bag kits to promote education for under privileged children in schools like S.V.S. High School, Alegaonkar Pri-Primary School, Range hills primary school at Khadki and 4 Zilla parishad schools at Kurkumbh. Emcure also contributed by distributing school bags in Khandevasti slum.
- Emcure sponsors 3 fellows every year from 'Teach for India' Pune region.
- Emcure works with several NGOs in the education space to sponsor various activities & competitions.
- Emcure organizes a Diwali fair every year at its various office locations. Products made by children from various NGOs are displayed and purchased by Emcure employees. This enables the NGO children to showcase their talents. The amount collected is matched by the company and earmarked for sponsorship of education of children from these NGOs.
- We have provided scholarships to 23 deserving post-graduate students of Modern College Pune to enable them to continue with their education.
- Emcure provides support to school for various Olympic sports activities. This year we sponsored Girls hockey team of Alegaonkar school, Khadki for participation in the Hockey National competition.



Diwali fair showcasing products made by NGO students

CORPORATE SOCIAL RESPONSIBILITY



“Project Bicycle Bank” for girl child education and women empowerment in rural Maharashtra in association with Mentors Foundation.



Emcure sponsored Alegaonkar Girls School hockey team in association with Khadki Shishan Santha.

CORPORATE SOCIAL RESPONSIBILITY

ENVIRONMENT

Environmental sustainability has always been a key focus area for Emcure and under the Company's CSR banner, a lot of green initiatives have been successfully implemented in the last year.

- During Ganesh visarjan, Emcure adopted 3 Ghats where Emcureans collected 'nirmalya' which is usually thrown in water bodies at the time of immersion. The collected nirmalya was disposed in containers, which was later used for bio composting and extraction of natural colors. This natural colors was used during Holi celebrations with differently abled children.
- To emphasize environmental sustainability, Emcure sponsored a coexist initiative of making

recyclable items to be sold by women self-help groups in handicraft melas.

- Emcure participated in a CSR project called "say no to plastic bags" which was initiated at Chaturshringi temple and devotees were educated on damage caused by plastic bags to the nature.
- On Environment day, tree plantation drives were carried out at Pusane village.
- Emcure carried out eco-friendly holi celebrations for children from Navkshitij & Bal Kalyan Sansthan, Pune. Emcureans participated in large numbers and made it a great success.



Nirmalya collection project during Ganesh visarjan.

CORPORATE SOCIAL RESPONSIBILITY



Eco-friendly Holi celebrations with children from Navkshiti & Bal Kalyan Sansthan, Pune.



Tree Plantation by Emcureans and children at Pusane village on World Environment Day

DIRECTOR'S REPORT

To,
The Members,

Emcure Pharmaceuticals Limited

Your Directors have pleasure in presenting their 38th Report and the Audited Financial Statements of the Company for the year ended March 31, 2019.

FINANCIAL RESULTS

The standalone and consolidated financial statements for the financial year 2018-19 and the comparatives for the previous year have been prepared and presented in accordance with Indian Accounting Standards (Ind AS).

Rs. in million

Particulars	Consolidated		Standalone	
	2018-19	2017-18	2018-19	2017-18
Profit before Interest, Taxation, Depreciation, and Amortization (EBITDA)	8,439.11	8,130.70	6,612.84	5,885.99
Less: Finance Costs	2,226.56	1,757.28	1,266.54	880.48
Less: Depreciation and amortization expense	2,671.70	2,280.45	1,298.40	1,199.69
Profit before Exceptional Item and Taxation	3,540.84	4,092.97	4,047.90	3,805.82
Less: Exceptional Item	234.58	1,188.27	349.55	381.36
Less: Taxation	1,214.35	1,162.81	861.80	996.78
Profit after Exceptional Item and Taxation	2,091.91	1,741.89	2,836.54	2,427.68
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of post-employment benefit obligations	(14.01)	9.99	1.67	15.50
Income tax relating to these items	4.88	(3.49)	(0.58)	(5.41)
Items that will be reclassified subsequently to profit or loss				
Exchange differences in translating financials statement of foreign operations	357.83	63.89	-	-
Income tax relating to these items	(10.41)	10.41	-	-
Total comprehensive income for the year	2,430.20	1,822.69	2837.63	2437.77

The Company has not transferred any amount out of the profit of the year to the General Reserves.

RESULTS OF OPERATIONS

On Standalone basis, the Company achieved gross revenue of Rs. 25,445.79 million and the Standalone operating profit before Interest, Taxation, Depreciation, and Amortization was Rs. 6,612.84 million as compared to Rs. 5,885.99 million in the previous year.

On Consolidated basis, the Company achieved a gross revenue of Rs. 48,123.18 million and the consolidated operating profit before Interest, Taxation, Depreciation and Amortization was Rs. 8,439.11 million as compared to Rs. 8,130.70 million in the previous year.

DIVIDEND

The Company had paid a first interim dividend @ 15% (Rs. 1.50 per equity share) on 180,852,116 equity shares of Rs. 10/- each resulting in an outflow of Rs. 327.04 million (including dividend tax) and a second interim dividend @ 10% (Re. 1.00 per equity share) on 180,852,116 equity shares of Rs. 10/- each resulting in an outflow of Rs. 218.02 million (including dividend tax). The Board has recommended a Final Dividend @ 10% (Re. 1.00 per Equity Share) on 180,852,116 equity shares of Rs. 10/- each subject to the approval of the shareholders at the ensuing Annual General Meeting. The final dividend, if approved, will result in an outflow of Rs. 188.50 million (including dividend tax). The dividend will be paid in compliance with applicable regulations.

The total dividend on equity shares including dividend tax for Financial Year 2018-19 would aggregate to Rs. 733.56 million resulting to a payout of 35% (Rs. 3.50 per equity share).

MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT.

No material changes and commitments have occurred after the close of the financial year and till the date of this Report, which may materially affect the financial position of the Company.

SHARE CAPITAL

The Authorised Share Capital of the Company is Rs. 2,000 Million and the paid up Equity Share Capital as on March 31, 2019 was Rs. 1,808.52 million. During the year under review, the Company has not issued shares with differential voting rights nor granted sweat equity. The Company has issued and allotted 1,310,000 stock options to the employees under the Employee Stock Option Scheme 2013 (Emcure ESOS 2013) during the year under review.

EMPLOYEE STOCK OPTION SCHEME

Disclosures in compliance with Section 62 of the Companies Act, 2013 ("the Act") read with Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 in relation to Employee Stock Option Scheme are set out in the "Annexure - A" to this Report.

1,310,000 stock options were issued during the year. 660,000 options were cancelled during the year. 2,930,000 options were outstanding as on March 31, 2019. On exercising the convertible options so granted, the paid-up equity Share Capital will increase by a like number of shares.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

As per the provisions of Section 129(3) of the Act, the Company has prepared the Consolidated Financial statements of the Company and its subsidiaries for the year ended March 31, 2019 which forms a part of this Report. Further in terms of the first proviso of Section 129(3) of the Act and Rule 5 and 8(1) of the Companies (Accounts) Rules, 2014, a statement containing the salient features of the financial statement of the Subsidiaries/Joint Ventures/ Associate Companies in the prescribed format AOC-1 is appended herewith as "Annexure B" to this Report. The statement also provides the details of the performance and financial position of the Company's subsidiaries.

DIRECTOR'S REPORT

Changes:

1. Emcure Pharma UK Limited, UK, Company's Subsidiary incorporated Tillomed France SAS on May 30, 2018
2. Emcure Pharma UK Limited, UK, Company's Subsidiary incorporated a private Company with limited liability named as Tillomed Laboratories B.V., Netherlands on April 24, 2019.
3. Heritage Pharma Holdings Inc, USA, Company's Subsidiary subscribed 10,000 shares of common stock at par value \$0.01 per share of Hacco Pharma Inc., a private Company on March 6, 2019.
4. Tillomed Holdings Ltd., Company's step-down Subsidiary, was dissolved on April 16, 2019 and it ceased to be a subsidiary.
5. All the shares of Tillomed Laboratories Ltd. were acquired by Emcure Pharma UK Ltd. from Tillomed Holdings Ltd. on December 4, 2018.

There has been no material change in the nature of the business of the Company/subsidiaries.

The Audited Accounts of the subsidiaries are available for inspection of members on any working day at the Registered Office of the Company between 11 a.m. to 1 p.m.

The consolidated financial statements presented by the Company includes financials results of the subsidiaries, associates and joint venture companies.

DEPOSITS

The Company has not accepted any fixed deposits and as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

CHANGES IN DIRECTORS

Based on the recommendation of the Nomination and Remuneration Committee, the following appointments/re-appointments were made:

- Mr. Sunil Mehta was re-appointed as a Whole-time Director for a further period of 5 years w.e.f. June 5, 2018 to June 4, 2023.

In accordance with the Act, Mr. Sunil Mehta, Whole-time Director, retires by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for re-appointment. The Board of Directors have recommended his re-appointment for consideration of the shareholders.

Mr. Humayun Dhanrajgur, Mr. Berjis Desai and Mr. Shreekant Bapat were appointed as Independent Directors of the Company w.e.f. July 28, 2014 for a term of 5 years. Their term of office as Independent Directors expires on July 27, 2019.

On the recommendation of the Nomination and Remuneration Committee, the Board has approved and recommended to the members for their approval the re-appointment of Mr. Humayun Dhanrajgur, Mr. Berjis Desai and Mr. Shreekant Bapat as Independent Directors for a second term of 3 years i.e. up to July 27, 2022. Accordingly, a Special Resolution seeking your approval to their re-appointment has been included in the notice convening the ensuing Annual General Meeting.

Cessations

- Dr. Fakrul Sayeed resigned as Director of the Company w.e.f. July 16, 2018. The Board places on record its appreciation for the services rendered by him during his tenure as a Director of the Company.

- Dr. Girish Telang resigned as Director of the Company w.e.f. September 12, 2018. The Board places on record its appreciation for the services rendered by him during his tenure as a Director of the Company.

DECLARATION BY INDEPENDENT DIRECTORS

All Independent Directors have given declarations that they fulfil all the requirements as stipulated in Section 149(6) of the Act, so as to qualify themselves to continue to act as Independent Directors.

BOARD EVALUATION

Formal annual evaluation has been carried out by the Board of its own performance and that of its committees and individual directors pursuant to the Act. Performance evaluation of independent directors has also been carried out by the entire Board of Directors, excluding the director evaluated. The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework as laid down by the Nomination and Remuneration committee and adopted by the Board.

CHANGES IN KEY MANAGERIAL PERSONNEL

There are no changes in Key Managerial Personnel for the period under review.

PARTICULARS OF EMPLOYEES

The information as required pursuant to Section 197(12) of the Act read with Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of the employees of the Company, is appended herewith as an Annexure forming part of this Report.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year, four Board Meetings were held, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the limits prescribed under the Act.

COMPLIANCE WITH SS – 1 (SECRETARIAL STANDARD ON MEETINGS OF THE BOARD OF DIRECTORS) AND SS - 2 (SECRETARIAL STANDARD ON GENERAL MEETINGS)

The Company is in compliance with the Secretarial Standards SS-1 and SS-2. The Company has not adopted the voluntary Secretarial Standards.

AUDIT COMMITTEE

As provided in Section 177(8) of the Act, the information about the composition of the Audit Committee and other details are given in the Corporate Governance Report, forming a part of this report. The Board has accepted all the recommendations of the Audit Committee.

During the year, three Audit Committee Meetings were held, the details of which are given in the Corporate Governance Report.

INTERNAL FINANCIAL CONTROLS

The Company has adequate internal financial controls with reference to the financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

DIRECTOR'S REPORT

RISK MANAGEMENT

The Board of Directors of the Company has adopted the Risk Management Policy to frame, implement and monitor the risk management plan for the Company. The Audit Committee reviews the risk management policy to ensure its effectiveness.

Discussion on risks is covered in the Management Discussion and Analysis Report, forming a part of this report.

VIGIL MECHANISM

The Company promotes ethical behaviour in all its business activities and has adopted vigil mechanism for reporting illegal or unethical behaviour. The employees are free to report violations of applicable laws and regulations.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3)(m) of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014, is appended herewith as "Annexure C" to this report.

AUDITORS AND AUDITORS' REPORT

Statutory Auditors

M/s. BSR & Co. LLP, Chartered Accountants (FRN 101248-W/W-100022) are the Statutory Auditors of the Company. Their term of appointment is up to the conclusion of 41st Annual General Meeting to be held in the year 2022.

The Auditors' Report does not contain any qualification, reservation or adverse remarks.

Cost Auditors

Pursuant to Section 148 of the Act read with the Companies (Cost Records and Audit) Amendment Rules, 2014 including its amendment from time to time, the cost records maintained by the Company are required to be audited. Your Directors had, on the recommendation of the Audit Committee, appointed M/s. B. M. Sharma & Co. (Registration no. 000219), Cost Accountants as Cost Auditors to audit the cost records of the Company for the financial year 2019-20 at a remuneration of Rs. 7,00,000/-. In terms of the provisions of the Act, the remuneration payable to the Cost Auditors is required to be ratified by the Shareholders at the ensuing Annual General Meeting and accordingly a resolution seeking your ratification has been included in the Notice convening the Annual General Meeting.

The Cost Audit Report for the Financial Year 2017-18 has been filed on August 21, 2018.

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s SVD & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the Financial Year 2018-19. The Secretarial Audit Report for the year ended March 31, 2019 is appended herewith as "Annexure D" to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remarks.

CORPORATE GOVERNANCE

Your Company believes that Corporate Governance is at the core of stakeholders' satisfaction. Corporate Governance Report is appended separately and forms a part of this Report.

MANAGEMENT DISCUSSION & ANALYSIS

The Management discussion and analysis report on the operations of the Company is appended separately and forms a part of this Report.

CORPORATE SOCIAL RESPONSIBILITY

As part of its initiatives under Corporate Social Responsibility (CSR), the Company has undertaken projects in the areas of Education, Livelihood, Health care etc. These projects are largely in accordance with Schedule VII of the Act.

The report on the CSR activities undertaken by the Company in the format prescribed in the Companies (Corporate Social Responsibility) Rules, 2014 including the composition of the CSR Committee is appended herewith as "Annexure E" to this Report.

INDUSTRIAL RELATIONS

Industrial relations for the period under review continued to be cordial.

EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Act, an extract of the Annual Return in form MGT-9 is appended herewith as "Annexure F" to this Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered into during the financial year were on an arm's length basis and in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Disclosures on related party transactions are set out in the notes to the Standalone Financial Statements.

All Related Party Transactions are placed before the Audit Committee for approval.

Particulars of contracts or arrangements with related parties pursuant to Section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in the prescribed Form AOC-2 and is appended herewith as "Annexure G" to this Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Particulars of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act form part of the notes to the Standalone financial statements forming a part of this Report.

NOMINATION & REMUNERATION POLICY

As of March 31, 2019, the Board comprised of eight members, four of whom were executive and whole-time directors, one non-executive and non-independent director and three independent directors. One of the executive director on the Board is a woman.

DIRECTOR'S REPORT

The policy of the Company on director's appointment and remuneration, including the criteria for determining qualifications, positive attributes, independence of a director and other matters as required under section 178(3) of the Companies Act, 2013 is available on our website at https://emcure.com/assets/files/policies/Remuneration_Policy.pdf.

There has been no change in the policy since last fiscal year. We affirm that remuneration paid to directors is as per the terms laid down in the Nomination and Remuneration Policy of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Sections 134(3)(c) and 134(5) of the Act, the directors confirm that –

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs as at March 31, 2019 and of the profit of the Company for the year ended March 31, 2019;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis;
- the directors had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively; and
- the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

GENERAL:

1. There are no significant and material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations.
2. The company has in place a Policy for prevention of Sexual Harassment at the Workplace in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The following is a summary of sexual harassment complaints received and disposed off during the year:

- a) Number of complaints pending at the beginning of the year - 0
- b) Number of complaints received during the year - 3
- c) Number of complaints disposed-off during the year -3
- d) Number of cases pending at the end of the year - 0

APPRECIATION AND ACKNOWLEDGEMENTS:

Your Directors express their gratitude to the company's customers, stakeholders, business partners, distributors, suppliers, medical professionals, bankers, financial institutions including investors for their valuable sustainable support and co-operation.

Your directors place on record their appreciation for the contribution made by its employees at all levels. Your Company's consistent growth has been made possible by their hard work, solidarity, co-operation and support.

For and on behalf of the Board of Directors

Place: Pune
Date: July 18, 2019

Satish Mehta
Managing Director
(DIN: 00118691)

Shreekant Bapat
Director
(DIN: 00621568)

Annexure - A to Director's Report

Disclosure u/s 62 of the Companies Act, 2013 read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014.	
Options granted under the Scheme till date	42,60,000
Options granted during the year	13,10,000
Options vested	14,92,000
Options Exercised	Nil
The total no. of shares arising as a result of exercise of option	Nil
Options lapsed/ cancelled till date	13,30,000
Exercise Price	For Options granted in October, 2013- Rs. 221.25 For options granted in March, 2016 - Rs. 508.75 For options granted in July, 2017 – Rs. 300.00 For options granted in October, 2018 and February, 2019 – Rs. 522.00
The variation of terms of options	NIL
Money realised by exercise of options	Nil
Total no. of options in force	29,30,000
Employee wise details of options granted to	
Key Managerial Personnel during the year	Nil
Any other employee who receives a grant of options in any one year of option amounting to 5% or more of options granted during that year	1. Mr. Vikas Thapar 2. Mr. Fouad Benghalem 3. Dr. Fakrul Sayeed 4. Mr. Atul Aggarwal 5. Mr. Navneet Aggarwal 6. Mr. B. Suresh Kumar 7. Mr. Prashant Parashar 8. Mr. Vimalendu Kumar Singh 9. Mr. John Wayne Denman 10. Dr. Steven Robert Hagen 11. Mr. William Steven Marth 12. Mr. Frank Katona 13. Mr. Marc Hourigan
Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant;	Nil

For and on behalf of the Board of Directors

Place: Pune
Date: July 18, 2019

Satish Mehta
Managing Director
(DIN: 00118691)

Shreekant Bapat
Director
(DIN: 00621568)

Annexure - B to Director's Report

Form AOC-1
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part A Subsidiaries

Sl. No.	Name of the subsidiary	Reporting period for the subsidiary concerned	Re-reporting Currency	Exchange Rate	Share capital	Reserves and Surplus	Total assets	Total Liabilities	Investments	Turnover	Profit / (Loss) before tax	Provision for taxation	Profit / (Loss) after tax	Proposed Dividend (%)	Extent of share-holding (%)
Direct Subsidiaries															
1.	Gennova Biopharmaceuticals Limited	March 31, 2019	INR	1	272.74	585.55	1843.37	985.08	-	1815.20	243.41	63.75	179.66	-	87.95
2.	Zuventus Healthcare Limited ¹	March 31, 2019	INR	1	200.55	2626.07	5090.51	2263.89	535.98	7488.64	742.55	225.33	517.22	90%	79.58
3.	Emcure Nigeria Limited	March 31, 2019	NAIRA	0.19	1.89	(115.64)	17.61	131.36	-	-	(17.86)	-	(17.86)	-	100.00
4.	Emcure Pharmaceuticals Mena FZ-LLC	March 31, 2019	AED	19.51	1.28	(408.06)	518.40	925.18	-	976.66	49.30	-	49.30	-	100.00
5.	Emcure Pharmaceuticals South Africa (Pty) Limited	March 31, 2019	ZAR	5.21	0.001	(112.44)	160.71	273.15	-	230.99	(4.84)	0.82	(5.66)	-	100.00
6.	Emcure Brasil Farmaceutica Ltda	March 31, 2019	BRL	17.90	122.55	(232.15)	14.64	124.24	-	-	(70.42)	-	(70.42)	-	99.99
7.	Heritage Pharma Holdings Inc. 2	March 31, 2019	USD	70.37	1415.37	(7699.06)	2867.01	9150.70	1103.27	-	(219.13)	(53.14)	(165.99)	-	100.00
8.	Emcure Pharma UK Ltd	March 31, 2019	GBP	92.16	488.99	420.15	4084.90	3175.76	1450.50	3167.87	98.02	9.52	88.50	-	100.00
9.	Emcure Pharma Peru S.A.C	March 31, 2019	SOL	21.21	0.02	(22.40)	111.15	133.53	-	82.33	(3.46)	-	(3.46)	-	99.00
10.	Emcure Pharma Mexico S.A. DE C.V.	March 31, 2019	MXN	3.62	0.21	(53.53)	7.07	60.39	-	-	(15.58)	-	(15.58)	-	99.99
11.	Marcan Pharmaceuticals Inc	March 31, 2019	CAD	52.79	650.92	(1567.41)	5206.87	6123.36	-	3064.77	(383.29)	(29.53)	(353.76)	-	100.00
12.	Emcure Pharmaceuticals Pty Ltd	March 31, 2019	AUD	50.27	48.72	(0.40)	59.96	11.64	28.84	-	(5.33)	0.66	(5.99)	-	100.00
Indirect Subsidiaries															
13.	Heritage Pharma Labs Inc.	March 31, 2019	USD	70.37	71.10	(1191.83)	4287.39	5408.12	-	2123.39	(830.65)	(30.34)	(800.31)	-	100.00
14.	Heritage Pharmaceuticals Inc.	March 31, 2019	USD	70.37	0.003	11511.85	11426.58	(85.27)	-	12124.23	(33.63)	(468.62)	134.99	-	100.00
15.	Tillomed Pharma GmbH	March 31, 2019	EURO	79.35	355.64	8.09	1099.25	735.52	-	915.62	(32.54)	(9.97)	(22.57)	-	100.00
16.	Tillomed Holdings Ltd	March 31, 2019	GBP	92.16	0.15	547.82	2821.93	2273.96	-	2144.81	(213.01)	(18.65)	(194.36)	-	100.00

Annexure - B to Director's Report

Sl. No.	Name of the subsidiary	Reporting period for the subsidiary concerned	Re- porting Currency	Exchange Rate	Share capital	Reserves and Surplus	Total assets	Total Liabilities	Invest- ments	Turnover	Profit / (Loss) be- fore tax	Provision for taxa- tion	Profit / (Loss) after tax	Proposed Dividend (%)	Extent of share- holding (%)
17.	Encure NZ limited	March 31, 2019	NZD	48.03	0.05	(9.17)	24.75	33.87	-	-	0.19	-	0.19	-	100.00
18.	Laboratorios Tillomed Spain SLU	March 31, 2019	EURO	79.35	40.71	(4.26)	301.33	264.88	-	518.75	21.05	5.25	15.80	-	100.00
19.	Tillomed Italia SRL	March 31, 2019	EURO	79.35	158.24	(118.56)	431.79	392.11	-	396.26	(81.83)	(17.56)	(64.26)	-	100.00
20.	Tillomed France SAS	March 31, 2019	Euro	79.35	18.61	(1.99)	319.27	302.65	-	186.53	(3.02)	(0.80)	(2.22)	-	100.00
21.	Hacco Pharma Inc	March 31, 2019	USD	70.37	-	-	-	-	-	-	-	-	-	-	100.00

Notes:

1. The Board of Directors of Zuventus Healthcare Limited have proposed a dividend @ 90% on Equity shares of Rs. 10 each subject to the approval of their shareholders.
2. Tillomed Holdings Ltd. prepares its financials on consolidated basis which includes Tillomed Laboratories Ltd

Annexure - B to Director's Report

Part B : Associates and Joint Ventures

Rs. in million

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates or Joint Ventures	
1.	Latest audited Balance Sheet Date
2.	Date on which the Associate or Joint Venture was associated or acquired
3.	Shares of Associate or Joint Ventures held by the company on the year end
	No. of shares
	Amount of Investment in Associates or Joint Venture
	Extent of Holding (in percentage)
4.	Description of how there is significant influence
5.	Reason why the associate/joint venture is not consolidated
6.	Networth attributable to shareholding as per latest audited Balance Sheet
7.	Profit or Loss for the year
	i. Considered in Consolidation
	ii. Not Considered in Consolidation

NIL

For and on behalf of Board of Directors

Shreekant Bapat
Director
(DIN: 00621568)

Satish Mehta
Managing Director
DIN: 00118691

Namita Thapar
Executive Director & CFO
DIN: 05318899

Sanjay Kumar Chowdhary
Company Secretary
PAN: ACLPC2022R

Place: Pune
Date: July 18, 2019

Annexure - C to Director's Report

Information pertaining to the conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014.

A. Conservation of energy

a) Steps taken or impact on conservation of energy

Energy conservation continues to receive top priority in the Company. Energy Audits are carried out, consumption monitored; maintenance systems improved and distribution losses are reduced.

Specific Energy conservation measures undertaken by the Company are as follows:

1. Replacement of High head utility pump to low head pumps and trimming of pump impeller to reduce the electricity consumption at some of the plants.
2. Switched over to LED light fixtures at most of the locations.
3. Replacement of old chiller to energy efficient chiller at OSD location Maharashtra.
4. Water is recycled, wherever possible.
5. Use of EC motors in AHUs, wherever possible.
6. Installed auto back wash filter on few more cooling towers at Kurkumbh, Maharashtra.

b) The steps taken by the company for utilising alternate sources of energy

Not applicable.

c) The capital investment on energy conservation equipments

Capital investment of Rs. 22.14 Mn was made on energy conservation equipments.

B. Technology Absorption:

1. Efforts, in brief, made towards technology absorption:

New products and formulations for newer applications and better utility of the product were developed through bio-viability and blood level studies and R & D activity.

R&D is working vigorously for development of novel drug delivery system like liposomal delivery, nanoparticles, lipid complex and micro-emulsion. Emcure has extended its arms in Transdermal Drug delivery system and achieved success. Moreover, we have broadened our research field and entered into depot injection (long acting microspheres). Novel research in safety & efficacy enhancement for cytotoxic drug product.

The research team has developed and commercialized extended release dosage forms, multi particulate systems, pulsatile drug delivery system, osmotic drug delivery system etc.

2. The benefits derived like product improvement, cost reduction, product development or import substitution:

Several CIP projects have been initiated e.g. Acamprosate, Midodrine HCl & Ropivacaine. Imported intermediates and starting materials in multiple API's like Ritonavir, Leflunomide, and Febuxostat were back-integrated to replace these with in-house and cost effective options, ensuring availability and reliability of the intermediate in the above API's.

Product improvement, cost reduction, standardized analytical methods are some of the benefits derived and reflected in better quality and stability of products. Eg. Extractable, leachable studies and characterisation studies of complex generics have been established with in-house techniques to avoid dependence on outsourced parties as well as reduce the cost of development.

3. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

No technology has been imported by the Company during the last 3 years.

4. The expenditure incurred on Research and Development

Rs. in million

Particulars (Standalone)		FY 2018-19	FY 2017-18
(a)	Capital	17.26	20.18
(b)	Revenue	1630.22	1,497.44
(c)	Total	1647.48	1,517.62
(d)	Total R & D Expenditure as % of gross turnover	6.71%	6.75%

C. Foreign exchange earnings and outgo:

Rs. in million

Foreign Exchange earned in terms of Actual Inflows	17,666.21
Foreign Exchange outgo in terms of Actual Outflows	1030.15

For and on behalf of the Board of Directors

Place: Pune
Date: July 18, 2019

Satish Mehta
Managing Director
(DIN: 00118691)

Shreekant Bapat
Director
(DIN: 00621568)

Annexure - D to Director's Report

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019

[Pursuant to section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Emcure Pharmaceuticals Limited
'Emcure House', T-184, M.I.D.C Bhosari,
Pune-411026

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Emcure Pharmaceuticals Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and The Companies Amendment Act, 2017 and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; (Not applicable to the company during audit period)
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; (Not applicable to the Company during the audit period.)
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and, Overseas Direct Investment;
- (v) None of the regulations and guidelines prescribed under securities and Exchange Board of India Act, 1992 (SEBI Act) are applicable to the company except: (a) The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client to the extent of securities issued.
- (vi) The other laws, as informed and certified by the Management of the Company, which are specifically applicable to the Company based on their sector/ industry are:-
 - (a) Drugs and Cosmetics Act, 1940
 - (b) Narcotic Drugs and Psychotropic Substances Act, 1985
 - (c) The Medicinal & Toilet Preparations (Excise Duties) Act, 1955
 - (d) Petroleum Act 1934
 - (e) Food Safety and Standards Act, 2006
 - (f) The Indian Copyright Act, 1957

- (g) The Patents Act, 1970
- (h) The Trade Marks Act, 1999

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by 'The Institute of Company Secretaries of India' and
- (ii) The Listing Agreements entered into by the Company with the Stock Exchange(s) pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**Not applicable to the Company during the audit period.**)

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there are no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

For SVD & Associates
Company Secretaries

Place:- Pune
Date:- July 18, 2019

Meenakshi R. Deshmukh
Partner
FCS No: 7364
C P No: 7893

Note : This report is to be read with letter of even date by the Secretarial Auditors, which is annexed as annexure - A and forms integral part of this report.

Annexure - D to Director's Report

ANNEXURE A'

To,
Members,
Emcure Pharmaceuticals Limited
'Emcure House', T-184, M.I.D.C Bhosari,
Pune-411026

Our Secretarial Audit Report of even date is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, etc.

Disclaimer

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For SVD & Associates
Company Secretaries

Place:- Pune
Date:- July 18, 2019

Meenakshi R. Deshmukh
Partner
FCS No: 7364
C P No: 7893

Annexure E to Director's Report

Annual Report on Corporate Social Responsibility (CSR) Activities for the financial year 2018-19

Rs. in million

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	The Company has framed a CSR policy in compliance with the provisions of Section 135 of the Companies Act, 2013. Proposed projects or programs are mentioned in CSR policy. The said Policy is available at Weblink: https://emcure.com/assets/files/policies/CSR%20Policy.pdf
2.	The Composition of the CSR Committee	Mr. Shreekant Bapat, Chairman (Independent Director) Mr. Sunil Mehta (Executive Director) Mrs. Namita Thapar (Executive Director and Chief Financial Officer)
3.	Average net profit of the company for last three financial years	3005.86
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	60.12
5.	Details of CSR spent during the financial year: a) Total amount to be spent for the financial year b) Amount unspent, if any	60.12 NIL

c) Manner in which the amount spent during the financial year is detailed below:

Rs. in million

Sr. No.	CSR project or Activity Identified	Sector in which the project is covered (Clause no. of Schedule VII to the Companies Act, 2013, as amended)	Project or Program	Amount Outlay (Budget Project or Program wise)	Amount spent on the Projects or Programs Sub Heads: 1)Direct Expenditure on Projects or Programs 2)Overheads	Cumulative Expenditure upto the reporting period i.e. FY 2017-18	Amount Spent Direct or through Implementing Agency
1	Promoting health care including preventive health care	(i)	All over India	55.68	55.68	55.68	Direct: 34.22 Indirect: 21.46
2	Promoting Education, including special education and employment enhancing vocation skills	(ii)	Pune	5.34	5.34	61.02	Indirect: 5.34
3	Woman empowerment	(iii)	Pune	0.10	0.10	61.12	Indirect: 0.10
4	Environmental sustainability, ecological balance	(iv)	Pune	0.55	0.55	61.67	Indirect: 0.55
5	Training to promote nationally recognised sports	(vii)	Pune	0.30	0.30	61.97	Indirect: 0.30

Reasons for not spending two percent of the average net profit of the last three financial years

Not applicable.

RESPONSIBILITY STATEMENT

The Responsibility Statement of the Corporate Social Responsibility Committee of the Board of Directors of the Company is reproduced below:

'The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.'

Place: Pune
Date: July 18, 2019

Satish Mehta
Managing Director
DIN: 00118691

Shreekant Bapat
Director
DIN: 00621568

Annexure F to Director's Report

**Form No. MGT-9
EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31.03.2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U24231PN1981PLC024251
Registration Date	16 th April 1981
Name of the Company	Emcure Pharmaceuticals Limited
Category/ Sub-Category of the Company	Company limited By Shares/ Indian Non-Government Company
Address of the Registered office and contact details	'Emcure House' T-184, M.I.D.C, Bhosari, Pune Contact Details: +91 20 4070 0000 Website: https://emcure.com/
Whether listed company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C-13 Pannalal Silk Mills Compound L.B.S. Marg Bhandup(West), Mumbai — 400078. Contact Details: +91 22 49186000

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacturing and Marketing of Allopathic Pharmaceutical Products	21002	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Zuventus Healthcare Limited, T-184, MIDC, Bhosari, Pune -411026	U85320PN2002PLC018324	Subsidiary	79.58	2(87)
2	Gennova Biopharmaceuticals Limited, Emcure House T-184, MIDC, Bhosari, Pune – 411026	U24231PN2001PLC016253	Subsidiary	87.95	2(87)
3	Heritage Pharma Holdings INC. 16192 Coastal Highway, Lewes, Delaware 19958	-	Subsidiary	100	2(87)
4	Heritage Pharma Labs Inc. 21B, Cotters Lane, East Brunswick, NJ 08816	-	Step down Subsidiary	100 (Held by Heritage Pharma Holdings Inc.)	2(87)
5	Heritage Pharmaceuticals Inc. 16192 Coastal Highway, Lewes, Delaware 19958	-	Step down Subsidiary	100 (Held by Heritage Pharma Holdings Inc.)	2(87)
6	*Hacco Pharma Inc. 251 Little Falls Drive, Wilmington, New Castle County, Delaware 19808	-	Step down Subsidiary	100 (Held by Heritage Pharma Holdings Inc.)	2(87)
7	Emcure Pharma UK Ltd. 220 Butterfield, Great Marlings, Luton, UK	-	Subsidiary	100	2(87)
8	**Tillomed Holdings Limited, 220 Butterfield, Great Marlings, Luton, UK	-	Step down Subsidiary	100 (Held by Emcure Pharma UK Ltd.)	2(87)
9	Tillomed Laboratories Limited, 220 Butterfield, Great Marlings, Luton, UK	-	Step down Subsidiary	***100 (Held by Emcure Pharma UK Ltd.)	2(87)
10	Laboratorios Tillomed Spain S.L.U. Calle Marcelo Spinola 8, planta 1, Puerta F, 28016, Madrid	-	Step down Subsidiary	100 (Held by Emcure Pharma UK Ltd.)	2(87)

Annexure F to Director's Report

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
11	Tillomed Italia S.R.L Viale Giulio Richard, 1 – Torre A, 20143 Milan (Italy)	-	Step down subsidiary	100 (Held by Emcure Pharma UK Ltd.)	2 (87)
12	Marcan Pharmaceuticals Inc. Suite #112 - 2 Gurdwara Road, Ottawa, ON - K2E 1A2	-	Subsidiary	100	2(87)
13	Emcure Pharmaceuticals Mena FZ-LLC 204, Building no # 49, Dubai Healthcare City, PO Box – 293834, Dubai, UAE	-	Subsidiary	100	2(87)
14	Emcure Nigeria Limited Plot Number 2 – 4, Block C, Amuwo Odofin Industrial Scheme, Apapa Oshodi Expressway, C F A O Compound, Lagos, Nigeria.	-	Subsidiary	100	2(87)
15	Emcure Pharmaceuticals South Africa (Pty) Ltd Building 1, Ground Floor, South Wing, Meyersdal Office Park, 65 Philip Engelbrecht Avenue, Meyersdal 1448, P.O. Box 2099, Mondeor, 2110, South Africa	-	Subsidiary	100	2(87)
16	Emcure Brasil Farmacêutica Ltda. Avenida da Nações Unidas, No. 12551, 9th floor, room 909, Brooklin Paulista, City of São Paulo, State of São Paulo, ZIP 04578-000	-	Subsidiary	99.99	2(87)
17	Emcure Pharma Peru S.A.C. Avenue Javier Prado No. 488 Corners With Calle Orquideas 444, San Isidro Office No. 2224, Floor 22, Lima Province	-	Subsidiary	99.00	2(87)
18	Emcure Pharma Mexico S.A. DE C.V. Av. Paseo de las Palmas #920, Oficina 13, Col. Lomas de Chapultepec, CP 11000, Mexico DF, Mexico	-	Subsidiary	99.99	2(87)
19	Emcure Pharmaceuticals Pty Ltd. Shop 3, Henley Road, Homebush West, NSW – 2140	-	Subsidiary	100	2(87)
20	Emcure NZ Limited 7A, Whitford Wharf Road, Whitford, Auckland 2571	-	Step-down Subsidiary	100 (Held by Emcure Pharmaceuticals Pty Ltd.)	2(87)
21	Tillomed Pharma GmbH Manhager Allee 36, 22926 Ahrenburg	-	Step-down Subsidiary	100 (Held by Emcure Pharma UK Ltd.)	2(87)
22	Tillomed France SAS 34 Rue Jean Mermoz, 78600 Maisons, Laffitte	-	Step-down Subsidiary	100 (Held by Emcure Pharma UK Ltd.)	2(87)

*Heritage Pharma Holdings Inc, USA, Company's Subsidiary subscribed 10,000 share of common stock at par value \$0.01 per share of Hacco Pharma Inc., a private Company on March 6, 2019.

**Tillomed Holdings Ltd., Company's step-down Subsidiary, was dissolved on April 16, 2019 and it ceased to be a subsidiary.

*** The Shares of Tillomed Laboratories Ltd. were acquired by Emcure Pharma UK Ltd. from Tillomed Holdings Ltd. on December 4, 2018.

**** Emcure Pharma UK Ltd., Company's subsidiary incorporated Tillomed France SAS on May 30, 2018.

Annexure F to Director's Report

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.Promoter									
(1) Indian									
a) Individual / HUF	8,68,09,260	-	8,68,09,260	48.00	8,68,09,260	-	8,68,09,260	48.00	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1):	8,68,09,260	-	8,68,09,260	48.00	8,68,09,260	-	8,68,09,260	48.00	-
(2) Foreign									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2):	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters (A) = (A)(1)+(A)(2)	8,68,09,260	-	8,68,09,260	48.00	8,68,09,260	-	8,68,09,260	48.00	-
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds / UTI	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	2,36,73,544	-	2,36,73,544	13.09	2,36,73,544	-	2,36,73,544	13.09	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1):	2,36,73,544	-	2,36,73,544	13.09	2,36,73,544	-	2,36,73,544	13.09	-
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual Shareholders holding nominal share capital up to 1 lakh	-	-	-	-	-	-	-	-	-

Annexure F to Director's Report

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual Shareholders holding nominal share capital in excess of 1 lakh	6,68,68,148	35,01,164	7,03,69,312	38.91	6,97,77,876	5,91,436	7,03,69,312	38.91	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(2):	6,68,68,148	35,01,164	7,03,69,312	38.91	6,97,77,876	5,91,436	7,03,69,312	38.91	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	9,05,41,692	35,01,164	9,40,42,856	52.00	9,34,51,420	5,91,436	9,40,42,856	52.00	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	17,73,50,952	35,01,164	18,08,52,116	100	18,02,60,680	5,91,436	18,08,52,116	100	-

ii. Shareholding of Promoters

Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
Mehta Satish	7,57,24,248	41.87	0	7,57,24,248	41.87	0	0
Mehta Sunil	76,33,248	4.22	0	76,33,248	4.22	0	0
Mehta Sunil J/w Mehta Kamini	34,51,764	1.91	0	34,51,764	1.91	0	0

III. Change in Promoters' Shareholding (Please specify, if there is no change)

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Mehta Satish	No changes			
Mehta Sunil	No changes			
Mehta Sunil J/W Mehta Kamini	No changes			

iv. Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Changes during the Year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	Date of change	Increase / Decrease	No. of Shares	% of total shares of the Company
B C Investments IV Ltd.	2,36,73,544	13.09%	-	-	2,36,73,544	13.09%
Mehta Samit	1,35,47,632	7.49%	-	-	1,35,47,632	7.49%
Mehta Sanjay	1,18,23,116	6.54%	-	-	1,18,23,116	6.54%
Mehta Bhavana	92,56,888	5.12 %	-	-	92,56,888	5.12%
Mehta Kamini	66,46,540	3.68%	-	-	66,46,540	3.68%
Mehta Pushpa	43,36,052	2.40%	-	-	43,36,052	2.40%
Mehta Sanjay J/w Mehta Sonali	39,40,912	2.18%	-	-	39,40,912	2.18%
Mehta Sonali	27,66,120	1.53%	-	-	27,66,120	1.53%
Mehta Kamini J/W Mehta Sunil	14,53,420	0.80%	-	-	14,53,420	0.80%
Khanna Arunkumar	12,00,000	0.66%	-	-	12,00,000	0.66%

Annexure F to Director's Report

V. Shareholding of Directors and Key Managerial Personnel

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of	No. of Shares	% of total shares of the Company
Mr. Humayun Dhanrajgir, Chairman				
At the beginning of the year	1,54,284	0.09	1,54,284	0.09
At the end of the year	1,54,284	0.09	1,54,284	0.09
Mr. Samonoi Banerjee, Director				
At the beginning of the year	-	-	-	-
At the end of the year	-	-	-	-
Mr. Berjis Desai, Director				
At the beginning of the year	1,92,856	0.11	1,92,856	0.11
At the end of the year	1,92,856	0.11	1,92,856	0.11
*Dr. Fkrul Sayeed, Director				
At the beginning of the year	-	-	-	-
At the end of the year	-	-	-	-
**Dr. Girish Telang, Director				
At the beginning of the year	-	-	-	-
At the end of the year	-	-	-	-
Dr. Mukund Gurjar, Whole-time Director				
At the beginning of the year	2,95,716	0.16	2,95,716	0.16
At the end of the year	2,95,716	0.16	2,95,716	0.16
Mrs. Namita Thapar, Whole-time Director & CFO				
At the beginning of the year	63,39,800	3.51	63,39,800	3.51
At the end of the year	63,39,800	3.51	63,39,800	3.51
Mr. Shreekant Bapat, Director				
At the beginning of the year	2,00,084	0.11	2,00,084	0.11
At the end of the year	2,00,084	0.11	2,00,084	0.11
Mr. Satish Mehta, Managing Director				
At the beginning of the year	7,57,24,248	41.87	7,57,24,248	41.87
At the end of the year	7,57,24,248	41.87	7,57,24,248	41.87
Mr. Sunil Mehta, Whole Time Director				
At the beginning of the year	1,10,85,012	6.13	1,10,85,012	6.13
At the end of the year	1,10,85,012	6.13	1,10,85,012	6.13

Annexure F to Director's Report

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of	No. of Shares	% of total shares of the Company
Mr. Sanjay Kumar Chowdhary, Company Secretary				
At the beginning of the year	-	-	-	-
At the end of the year	-	-	-	-

*Dr. Fakrul Sayeed had resigned as Director w.e.f. July 16, 2018.

**Dr. Girish Telang had resigned as Director w.e.f. September 12, 2018.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payments:

Rs. in million

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	11,089.21	-	-	11,089.21
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	26.45	-	-	26.45
Total (i+ii+iii)	11,115.67	-	-	11,115.67
Change in Indebtedness during the financial year				
Addition	3,280.50	-	-	3,280.50
Reinstatement	110.68	-	-	110.68
Reduction	(2,167.27)	-	-	(2,167.27)
Changes in Interest Accrued but not due	(6.28)	-	-	(6.28)
Net Change	1,217.62	-	-	1,217.62
Indebtedness at the end of the financial year				
(i) Principal Amount	12,313.11	-	-	12,313.11
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	20.17	-	-	20.17
Total (i+ii+iii)	12,333.29	-	-	12,333.29

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Rs. in million

Sr. no	Particulars of Remuneration	Total Amount
1	Gross Salary including value of perquisites and other benefits	236.81
2	Ceiling as per the Act	393.78

Annexure F to Director's Report

B. Remuneration to other directors

1. Independent Directors

Rs. in million

Sr. No.	Particulars of Remuneration	Total Amount
1	Fee for attending Board/Committee Meetings	0.70
2	Commission	9.90
3	Others, please specify	10.60
	Total (1)	

2. Other Non-Executive Directors

Rs. in million

Sr. No.	Particulars of Remuneration	Total Amount
1	Fee for attending Board/Committee Meetings	0.12
2	Commission	0
3	Others, please specify	0
	Total (2)	0.12
	Total (B) = (1+2)	10.72
	Total Managerial remuneration	247.53
	Overall ceiling as per the Act	433.15

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Rs. in million

Sr. No.	Particulars of Remuneration	Total Amount
1	Gross Salary including value of perquisites and other benefits	4.95
	Total	4.95

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			NONE		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NONE		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NONE		
Punishment					
Compounding					

For and on behalf of the Board of Directors

Place: Pune
Date: July 18, 2019

Satish Mehta
Managing Director
(DIN: 00118691)

Shreekant Bapat
Director
(DIN: 00621568)

Annexure G to Director's Report

Form No. AOC-2

Disclosure of particulars of contracts/ arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts or arrangements or transactions entered into with related parties during the year ended March 31, 2019, which were not at arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis:

The details of contracts or arrangement or transactions at arm's length basis with related parties for the year ended March 31, 2019 are as follows:

i. Shareholding of Promoters

Nature of contracts / arrangements/ transactions	Name of the related party	Nature of relationship	Duration of the Contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value if any.	Amount (Rs. in Mn)	Date of approval by the Board, if any.	Amount paid as advances, if any	
Purchase of goods and services	Zuventus Healthcare Limited	Subsidiary	Ongoing	Based on transfer pricing guidelines	62.77	Audit Committee meetings for approval – February 9, 2018 and July 24, 2018	-	
	Gennova Biopharmaceuticals Limited	Subsidiary	Ongoing	Based on transfer pricing guidelines	195.10		-	
Sale of Assets	Zuventus Healthcare Limited	Subsidiary	Ongoing	Based on transfer pricing guidelines	0.87		-	
	Gennova Biopharmaceuticals Limited	Subsidiary	Ongoing	Based on transfer pricing guidelines	3.73		-	
Purchase of Assets	Zuventus Healthcare Limited	Subsidiary	Ongoing	Based on transfer pricing guidelines	0.31		-	
	Gennova Biopharmaceuticals Limited	Subsidiary	Ongoing	Based on transfer pricing guidelines	0.02		-	
Sale of goods and services	Zuventus Healthcare Limited	Subsidiary	Ongoing	Based on transfer pricing guidelines	254.63		-	
	Gennova Biopharmaceuticals Limited	Subsidiary	Ongoing	Based on transfer pricing guidelines	189.08		-	
	Heritage Pharma Labs Inc.	Step-down Subsidiary	Ongoing	Based on transfer pricing guidelines	66.23		-	
	Emcure Pharmaceuticals Mena FZ-LLC.	Subsidiary	Ongoing	Based on transfer pricing guidelines	452.28		-	
	Uth Beverages Factory Pvt. Ltd.				0.01		-	
	Heritage Pharmaceuticals Inc.	Step-down Subsidiary	Ongoing	Based on transfer pricing guidelines	3791.90		Board Meetings for approval of related party transactions - February 9, 2018 and July 24, 2018 respectively.	-
	Emcure Pharmaceuticals South Africa (Pty) Ltd	Subsidiary	Ongoing	Based on transfer pricing guidelines	157.41			-
	Emcure Pharma UK Ltd.	Subsidiary	Ongoing	Based on transfer pricing guidelines	1801.49			-
	Emcure Pharma Peru S.A.C.	Subsidiary	Ongoing	Based on transfer pricing guidelines	76.86			-

Annexure G to Director's Report

	Tillomed Laboratories Limited	Step-down subsidiary	Ongoing	Based on transfer pricing guidelines	1031.66	-
	Marcan Pharmaceuticals Inc.	Subsidiary	Ongoing	Based on transfer pricing guidelines	704.46	-
Sale of steam	Gennova Biopharmaceuticals Limited	Subsidiary	Ongoing	Based on transfer pricing guidelines	11.54	-
Commission expenses	H.M. Sales Corporation	Directors and relatives of director are partners	Ongoing	Based on transfer pricing guidelines	25.06	-
Rent income	Zuventus Healthcare Limited	Subsidiary	Ongoing	Based on transfer pricing guidelines	8.50	-
	Gennova Biopharmaceuticals Limited	Subsidiary	Ongoing	Based on transfer pricing guidelines	31.80	-
Remuneration paid	Mr. Samit Mehta	Relative of Director and KMP	Ongoing	Based on transfer pricing guidelines	19.42	-
	Mr. Vikas Thapar	Relative of Director and KMP	Ongoing	Based on transfer pricing guidelines	24.91	-
	Mr. Rutav Mehta	Relative of Director	Ongoing	Based on transfer pricing guidelines	1.52	-
	Mr. Sanjay Mehta	Relative of Director	Ongoing	Based on transfer pricing guidelines	18.66	-
Rent expense	Mr. Sunil Mehta	Director	Ongoing	Based on transfer pricing guidelines	0.31	-
	Mr. Sanjay Mehta	Relative of director	Ongoing	Based on transfer pricing guidelines	0.31	-
Marketing Support Services	Emcure Pharmaceuticals Mena FZ-LLC	Subsidiary	Ongoing	Based on transfer pricing guidelines	30.45	-
	Emcure Nigeria Limited	Subsidiary	Ongoing	Based on transfer pricing guidelines	3.92	-
	Emcure Pharma Peru S.A.C.	Subsidiary	Ongoing	Based on transfer pricing guidelines	27.37	-
	Emcure Pharma Mexico S.A. DE C.V,	Subsidiary	Ongoing	Based on transfer pricing guidelines	23.55	-
	Emcure Brasil Farmaceutica Ltda.	Subsidiary	Ongoing	Based on transfer pricing guidelines	40.00	-
	Emcure Pharmaceuticals Pty Ltd.	Subsidiary	Ongoing	Based on transfer pricing guidelines	23.26	-
	Emcure NZ Limited	Step-down subsidiary	Ongoing	Based on transfer pricing guidelines	28.58	-

For and on behalf of the Board of Directors

Place: Pune
Date: July 18, 2019

Satish Mehta
Managing Director
(DIN: 00118691)

Shreekant Bapat
Director
(DIN: 00621568)

CORPORATE GOVERNANCE REPORT

THE COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company has always been committed to the practice of good Corporate Governance. Being a global Company, the Company has identified accountability, integrity and transparency in its affairs as the quintessential elements of attaining its goals. The Company aims at improving its shareholders' wealth by focusing on best ethical practices of good Corporate Governance. The Company seeks to protect the interest of its shareholders, employees and other stakeholders by following such good Corporate Governance practices. Although not mandatory, this approach will help the Company become compliant as and when the code becomes applicable to the Company in the future.

I. BOARD OF DIRECTORS:

Composition:

The Company has a dynamic Board comprising of Eight Directors, of whom, four are Executive Directors, three Non-Executive and Independent Directors including the Chairman and one Non-Executive and Non-Independent Director. All the Non-Executive Directors possess varied and rich experience in their respective fields and provide independent judgment on issues connected with strategic planning, business development and standards of conduct.

All Directors, except Mr. Satish Mehta, Mr. Samonnoi Banerjee and Independent Directors appointed under the provisions of the Companies Act, 2013, are liable to retire by rotation.

a) Details of the Board of Directors:

Name of the Director	Relationship with other Directors	Category	No. of Board Meetings attended	No. of other Directorships held*	Committees of which**	
					Member	Chairman
Mr. Humayun Dhanrajgir	-	Independent & Non-Executive Director (Chairman)	3	8	4	2
Mr. Berjis Desai	-	Independent & Non-Executive Director	3	13	4	4
***Dr. Fakrul Sayeed	-	Non-Executive Director	Nil	Nil	Nil	Nil
****Dr. Girish Telang	-	Independent & Non-Executive Director	2	1	1	Nil
Dr. Mukund Gurjar	-	Executive Director	2	Nil	Nil	Nil
Mrs. Namita Thapar	Daughter of Mr. Satish Mehta, Managing Director	Executive Director & Chief Financial Officer	3	4	Nil	Nil
Mr. Samonnoi Banerjee	-	Non-Executive Director	3	Nil	Nil	Nil
Mr. Shreekant Bapat	-	Independent & Non-Executive Director	4	3	Nil	2
Mr. Satish Mehta	Father of Mrs. Namita Thapar, Chief Financial Officer and Executive Director	Promoter & Managing Director	4	2	1	Nil
Mr. Sunil Mehta	-	Promoter & Executive Director	2	1	1	Nil

* Number of Directorships excludes Directorships in Companies incorporated outside India.

** For the purpose of computing the number of committees, membership/ chairmanship of the Audit Committee and Investor Grievance/stakeholder relationship Committee have been considered.

*** Dr. Fakrul Sayeed resigned as Director of the Company w.e.f. July 16, 2018

**** Dr. Girish Telang resigned as a Director of the Company w.e.f. September 12, 2018.

CORPORATE GOVERNANCE REPORT

b) Details of Board Meetings and Attendance:

The Board meets at least once in each quarter and the gap between any two Board meetings was not more than 120 days.

During the financial year ended March 31, 2019, four Board Meetings were held on the following dates –

Sr. No.	Date of Meeting	Board Strength	No. of Directors present
1	April 26, 2018	10	5
2	July 24, 2018	9	7
3	October 31, 2018	8	6
4	February 1, 2019	8	6

A. None of the Non-Executive Directors of the Company, have any pecuniary relationship or transactions with the Company other than sitting fees paid for attending Board Meetings/ committee meetings and commission paid to them.

B. Mr. Satish Mehta, Mrs. Namita Thapar, Mr. Shreekant Bapat and Mr. Sunil Mehta attended the last Annual General Meeting of the Company held on August 28, 2018.

c) Meeting of Independent Directors:

The Company's Independent Directors meet at least once in every calendar year without the presence of Executive Directors or management personnel. Such meetings are conducted informally to enable Independent Directors to discuss matters as prescribed under the Companies Act, 2013 including those pertaining to the Company's affairs and put forth their views.

The Independent Directors meeting was held on 6th June, 2019.

Brief Resume, Other Directorships and Committee Memberships of Directors seeking Re-appointment at the forthcoming Annual General Meeting:

Director liable to retire by rotation seeking re-appointment

Mr. Sunil Mehta

Mr. Sunil Mehta is an Executive Director of the Company. He is a graduate in Commerce from the Pune University and also a post graduate (diploma) in Business Administration from the Institute of Management Development and Research, Pune. He joined the Board in 2013.

List of other Directorships (excluding Bodies Corporate)	Chairmanship/Membership of the Committees of the Board of Directors of other companies on which he is a Director (only Audit committee and Investor Grievance committee)
1. Gennova Biopharmaceuticals Limited	Member of Audit Committee of Gennova Biopharmaceuticals Ltd.

II. BOARD COMMITTEES:

As mandated under the Companies Act, 2013, the Board has formed the following committees: Audit Committee, Nomination and Remuneration Committee, Investor Grievance & Share Transfer Committee and Corporate Social Responsibility Committee. The terms of reference of the Board Committees are determined by the Board from time to time. The Board is responsible for constituting, assigning and co-opting the members of the Committees.

1. Audit Committee:

- The Company has a qualified and Independent Audit Committee which has been formed in pursuance of Section 177 of the Companies Act, 2013. The Primary objective of the committee is to monitor and provide effective supervision of the management's financial reporting process to ensure accurate and timely disclosures with the highest levels of transparency, integrity and quality of financial reporting.

Terms of Reference:

- To review and monitor the auditor's independence and performance and effectiveness of audit process;
- To approve transactions of the Company with related parties of the Company and/or any subsequent modification thereof;
- To review and scrutinize inter-corporate loans and investments on periodical basis;
- To undertake valuation of undertakings or assets of the Company, wherever it is necessary;
- To evaluate internal financial controls and risk management systems;
- To consider appointment of Registered Valuers;
- Recommendation for appointment, remuneration and terms of appointment of the auditors.
- To review the reports/ certificates placed before it, as mandated by Companies Act, 2013;
- To monitor the effectiveness of the Company's governance practices and making changes as needed;
- To ascertain and ensure that the Company has an adequate and functional vigil mechanism and ensuring that the interest of a person, who uses such a mechanism, is not prejudicially affected on account of such use, as and when applicable;
- To report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy;
- The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the Company;
- The Audit Committee shall have authority to investigate into any matter in relation to the items specified in sub-section (4) of Section 177 of the Companies Act 2013 or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the Company;
- Any other matters / authorities / responsibilities / powers assigned as per Companies Act, 2013 and Rules made thereunder, as amended from time to time.

- Details of the composition and attendance of Members of the Audit Committee during the financial year 2018-19 are as follows:

The Audit Committee is comprised of three Directors viz. Mr. Shreekant Bapat, as Chairman of the Committee, Mr. Humayun Dhanrajgir and Mr. Berjis Desai as Members of the Committee. Mr. Satish Mehta, Managing Director and Mrs. Namita Thapar, Executive Director and Chief Financial Officer are permanent Invitees to the Audit Committee Meetings. The Statutory Auditors and the Internal Auditors attend the committee meetings by invitation. The Company Secretary acts as a Secretary to the Committee.

- Three Audit Committee Meetings were held on the following dates – July 24, 2018, October 31, 2018 and February 1, 2019.

Name of the Director	No. of meetings		Category of Directorship
	Held	Attended	
Mr. Shreekant Bapat	3	3	Independent Director
Mr. Humayun Dhanrajgir	3	2	Independent Director
Mr. Berjis Desai	3	2	Independent Director

2. Nomination and Remuneration Committee:

CORPORATE GOVERNANCE REPORT

- The Committee has been formed in compliance with the provisions of Section 178 of the Companies Act, 2013. The purpose of this committee of the Board of Directors ('the Board') shall be to discharge the Board's responsibilities related to nomination and remuneration of the Company's executive/non-executive directors. The committee has the overall responsibility of approving and evaluating the nomination and remuneration plans, policies and programs for executive/non-executive directors, Key Managerial Personnel and other employees.

Terms of Reference:

- Reviewing the structure, size and composition of the Board and making recommendations to the Board with regard to changes, if any.
- Identifying persons who are qualified to become directors and who may be appointed to senior management and recommending to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- Formulating the criteria for determining qualifications, positive attributes and independence of a director.
- Devising a policy on Board diversity.
- Recommending to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- Overseeing the Company's Stock option schemes and long term incentive plans which include determination of the eligibility for benefits and approval of total annual payments.
- Policy on evaluation of the Board.

- Details of the composition and attendance of Members of the Nomination and Remuneration Committee during the F.Y. 2018-19:

The Nomination and Remuneration Committee comprises of Mr. Shreekant Bapat, as Chairman of the Committee, Mr. Humayun Dhanrajgir, Mr. Berjis Desai and Mr. Samonnoi Banerjee as Members of the Committee.

Mr. Satish Mehta resigned as a member of the Committee w.e.f March 31st, 2019

Four Nomination and Remuneration Committee meetings were held on the following dates - April 26, 2018, July 24, 2018, October 31, 2018 and February 1, 2019.

Name of the Director	No. of meetings		Category of Directorship
	Held	Attended	
Mr. Shreekant Bapat	4	4	Independent Director
Mr. Humayun Dhanrajgir	4	3	Independent Director
Mr. Berjis Desai	4	3	Independent Director
Mr. Samonnoi Banerjee	4	3	Non-Executive Director
Mr. Satish Mehta*	4	4	Managing Director

* Mr. Satish Mehta was member of the Committee upto 30th March 2019.

Compensation Policy:

The Company follows a market linked remuneration policy, which is aimed at enabling the Company to attract and retain the best talent. Compensation is also linked to individual and team performance as they support the achievement of Corporate Goal.

Board Performance Evaluation:

The Company has devised a performance Evaluation Framework and policy, which sets out a mechanism for the evaluation of the Board and the Directors.

Performance evaluation of the Board and the Directors was carried out through an evaluation mechanism in terms of the aforesaid Performance

Evaluation Framework and Policy.

3. Investor Grievance & Share Transfer Committee:

- The Investor Grievance & Share Transfer (IGST) Committee was constituted to deal with transfer/ transmission of shares and all other incidental and allied matters in respect of the shares of the Company and to look into the issues relating to Investors Grievances.
- Details of the composition and attendance of Members of the IGST Committee during the FY 2018-19.

The Committee comprises of Mr. Shreekant Bapat, as Chairman of the Committee, Mr. Satish Mehta and Mr. Berjis Desai as Members of the Committee.

Mr. Sanjay Kumar Chowdhary, Company Secretary acts as the Compliance Officer.

During the F.Y. 2018-19, the IGST Committee met once on February 1, 2019.

Name of the Director	No. of Meetings		Category of Directorship
	Held	Attended	
Mr. Shreekant Bapat	1	1	Independent Director
Mr. Satish Mehta	1	1	Managing Director
Mr. Berjis Desai	1	1	Independent Director

During the year, the Company and/or its Registrar and Share Transfer agent did not receive any complaints from the shareholders of the Company. No complaints were outstanding at the beginning of the current financial year.

4. Corporate Social Responsibility Committee:

- The Corporate Social Responsibility (CSR) Committee implements and supervises the CSR initiatives of the Company.
- Terms of reference:
 - To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activity or activities to be undertaken by the Company;
 - To recommend the amount of expenditure to be incurred on the activities related to CSR;
 - To monitor the Corporate Social Responsibility Policy of the Company from time to time.
- Details of the composition and attendance of Members of the CSR Committee:

The CSR Committee comprises of Mr. Shreekant Bapat, as Chairman of the Committee, Mr. Sunil Mehta and Mrs. Namita Thapar as Members of the Committee.

For the year under review, the CSR Committee met three times on - July 24, 2018, October 31, 2018 and February 1, 2019.

Name of the Director	No. of Meetings		Category of Directorship
	Held	Attended	
Mr. Shreekant Bapat	3	3	Independent Director
Mr. Sunil Mehta	3	2	Executive Director
Mrs. Namita Thapar	3	3	Executive Director & Chief Financial Officer

CORPORATE GOVERNANCE REPORT

III. REMUNERATION OF DIRECTORS:

- A. Particulars of Commission and sitting fees paid to Non-Executive Directors during the financial year ended March 31, 2019:

(Rs. In Million)

Sr. No.	Particulars	Amount
1	Commission	9.90
2	Sitting Fees	0.82
	Total	10.72

The Non-Executive Directors are paid sitting fees of Rs. 20,000/- for each meeting of the Board and/or Committee attended by them.

Note: The aforesaid sitting fees and commission amounts are excluding Service Tax.

Shareholding of the Non-Executive/Independent Directors in the Company as on March 31, 2019:

Name of the Director	No. of Equity shares held
Mr. Humayun Dhanrajgir	154,284
Mr. Berjis Desai	192,856
Mr. Shreekant Bapat	200,084
*Dr. Girish Telang	Nil
**Dr. Fakrul Sayeed	Nil
Mr. Samonnoi Banerjee	Nil
Mr. Samonnoi Bnerjee	Nil

* Dr. Girish Telang resigned as a Director of the Company w.e.f. 12th September, 2018.

** Dr. Fakrul Sayeed resigned as a Director of the Company w.e.f 16th July, 2018

- B. Particulars of remuneration paid to the Executive Directors of the Company during the F.Y. 2018-19:

(Rs. In Million)

Sr. No.	Particulars of Remuneration	Amount
1.	Gross salary including value of perquisites and other benefits	236.81
	Total	236.81

The Company enters into an agreement with all the Executive Directors. Either party to an agreement is entitled to terminate the agreement by giving not less than 6 months' notice in writing to the other party.

IV. GENERAL BODY MEETINGS:

The last three Annual General Meetings of the Company were held at the venue and time as under:

Sr. No.	Year	Venue	Date & Time	Special Resolution Passed
1.	2015-16	"Emcure House" T-184, MIDC, Bhosari Pune 411026	August 3, 2016 12.00 Noon	Yes
2.	2016-17	"Emcure House" T-184, MIDC, Bhosari Pune 411026.	August 8, 2017 1.00 P.M.	Yes
3.	2017-18	Plot No. P2, IT-BT Park, Phase II, M.I.D.C., Hinjawadi, Pune-411 057.	August 28, 2018 11.00 A.M.	Yes

V. EXTRA-ORDINARY GENERAL MEETING:

During the year under review, no Extra-Ordinary General Meeting was held.

VI. DISCLOSURES BY MANAGEMENT:

- No material, financial and commercial transactions were reported by the management to the Board, in which the management had personal interest having a potential conflict with the interest of the Company at large.
- There are no transactions with the Director or management, their associates or their relatives etc. that may have potential conflict with the interest of the Company at large.

None of the transactions with any of related parties were in conflict with the Company's interest. All related party transactions are negotiated on arm's length basis and are intended to further the Company's interests.

VII. GENERAL SHAREHOLDER INFORMATION:

(i) Annual General Meeting:

Day & Date : Monday, August 19, 2019

Time : 10.00 am

Venue : Plot No. P2, IT-BT Park, Phase II,
M.I.D.C., Hinjawadi, Pune -411 057

(ii) Financial Year: April 1, 2018 to March 31, 2019

(iii) Book closure date: August 12, 2019 to August 19, 2019 (both days inclusive)

(iv) Date of Declaration of dividend: A dividend of Re. 1/- per Equity Share has been recommended by the Board of Directors on July 18, 2019 subject to the approval of the shareholders at the ensuing Annual General Meeting.

(v) Website: <https://emcure.com/>

(vi) Share transfer system: The IGST committee approves the transfers, transmissions, issue of duplicate share certificates etc.

For lodgement of transfer deeds and other documents, any grievances/complaints, shareholders may contact the Company Secretary at the details mentioned under the address for correspondence.

CORPORATE GOVERNANCE REPORT

(vii) Plant / R & D Locations:

- Plot 12/2, F-II Block, M.I.D.C, Pimpri, Pune- 411 018.
- Plot No. P-1 & P-2, M.I.D.C., Hinjawadi, Pune – 411 057.
- Plot No. D-24 and D-24/1, M.I.D.C., Kurkumbh, Taluka - Daund, District: Pune 413 802.
- SIDCO Industrial Estate, Lane No. 3, Phase II, Bari Brahmana, Jammu -181130.
- Plot No. C -10 (12), MIDC Bhosari, Pune 411 026.
- Plot No: SM-14, 15, 16-1 Sanand II, Charal Industrial Estate, GIDC, Tal: Sanand, Dist: Ahmedabad
- Survey No. 661, 671, Uvarsad Cross Road, Sarkhej – Gandhinagar Highway, Adalaj, Gandhinagar – 382 421 Gujarat.

(viii) Address for correspondence:

Company Secretary

“Emcure House” T-184, M.I.D.C

Bhosari, Pune -411026.

Sanjay.Chowdhary@emcure.co.in

For and on behalf of the Board of Directors

Place: Pune
Date: July 18, 2019

Satish Mehta
Managing Director
(DIN: 00118691)

Shreekant Bapat
Director
(DIN: 00621568)

INDEPENDENT AUDITORS' REPORT

To the Members of Emcure Pharmaceuticals Limited Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Emcure Pharmaceuticals Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2019, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the

accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to

INDEPENDENT AUDITORS' REPORT

communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its standalone financial statements - Refer Note 40 to the standalone financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **BSR & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/ W-100022

Place: Pune
Date: 18 July 2019

Nirav Patel
Partner
Membership No: 113327
UDIN: 19113327AAAAAZ6834

INDEPENDENT AUDITORS' REPORT

Annexure A to the Independent Auditors' Report – 31 March 2019

With reference to the Annexure referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of the Company on the Standalone Ind AS financial statements for the year ended 31 March 2019, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets by which its fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. The discrepancies noticed on such verification between the physical count and the book records were not material and have been properly dealt with in the books of account.
- (c) The title deeds of the immovable property are held in the name to the Company.
- (ii) The inventory, except goods in transit, has been physically verified by management during the year. The discrepancies noticed on such verification between the physical stock and the book records were not material and have been properly dealt with in the books of account. In our opinion, the frequency of such verification is reasonable and adequate in relation to the size of the Company and the nature of its business. In respect of stocks lying with third parties at the year end, written confirmations from major parties have been obtained.
- (iii) The Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 except unsecured loans to seven body corporate covered in the register maintained under Section 189 of the Companies Act, 2013.
 - (a) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.
 - (b) In respect of the aforesaid loans, the schedule of repayment of principal and payment of interest has been stipulated and no payment of principal and interest is due during the year. Accordingly, paragraph 3(iii)(b) of the Order is not applicable to the Company in respect of repayment of principal and interest.
 - (c) In respect of aforesaid loans, there is no amount which is overdue for more than ninety days.
- (iv) According to the information and explanations provided to us, the Company has neither granted any loan and nor made any investments, or guarantees or security during the year, to which section 185 of the Companies Act, 2013 is applicable. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has complied with the provision of Section 186 of the Companies Act, 2013 in respect of the loans and investment made and guarantees and security provided.
- (v) The Company has not accepted any deposits in accordance with the provisions of Sections 73 to 76 of the Act and the rules made there under. Accordingly paragraph 3(v) of the Order is not applicable to the Company
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Duty of Customs, Goods and Service Tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities, except amount in connection with certain employee related dues as more fully described in note 40 to the financial statements. As explained to us, the Company do not have dues on account of Sales Tax, Service Tax, Value Added Tax and Duty of Excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Duty of Customs, Goods and Service Tax, Cess and other material statutory dues were in arrears as at 31 March 2019, for a period of more than six months from the date they became payable.

 - (b) According to the information and explanations given to us there are no dues of Income tax, Sales Tax, Duty of Excise, Duty of Customs, Service tax, Value added tax and Goods and Services Tax which have not been deposited by the Company on account of disputes other than those stated below:

INDEPENDENT AUDITORS' REPORT

Rs. in million

Name of the Statute	Nature of the dues#	Amount disputed (Rs. In million)	Paid under protest (Rs. In million)	Period to which the amount relates**	Forum where dispute is pending
Finance Act ,1994	Service Tax	1.14	-	Oct 15 to June 2017	CCE (Appeals), Pune
Finance Act ,1994	Service Tax	1.86	0.19	July 2012 to Sept 2015	CESTAT, MUMBAI
Orissa Entry Tax Act, 1999	Entry Tax	1.15	0.34	2005-06 and 2006-07	Cuttack Sales Tax Tribunal
The Maharashtra Value Added Tax, 2002	Value added tax	1.80	-	2011-12	Jt. Commissioner of Sales Tax (Appeal-2), Pune Div., Pune
The Telangana Value Added Tax Act, 2005	Value added tax	0.20	-	June 2014 to March 2016	The Appellate Tribunal, Hyderabad
The Maharashtra Value Added Tax, 2002 & Central Sales Tax Act 1956	Value added tax and Central Sales Tax	15.63	-	2013-14	Jt. Commissioner of Sales Tax (Appeal), Pune Div., Pune
The Income Tax Act, 1961	Income Tax	12.72	-	AY 2011-12 to AY 2012-13	Income Tax Appellate Tribunal, Pune
The Income Tax Act, 1961	Income Tax	17.65	-	AY 2014-15 to AY 2015-16 **	Income Tax Appellate Tribunal, Pune
The Income Tax Act, 1961	Income Tax	2.59	-	AY 2010-11 ***	The Hon'ble High Court of Bombay
Tamil Nadu Value Added Tax, Act 2006	Value added tax	29.91	3.10	FY 2014-15****	The Assistant Commissioner, Central
Tamil Nadu Value Added Tax, Act 2006	Value added tax	46.60	6.00	FY 2015-16****	The Assistant Commissioner, Central Division, Chennai

* AY stands for Assessment Year and FY stands for Financial Year.

** Income tax department has went into appeal against the favourable order of Commissioner of Income Tax (Appeals).

*** Income tax department has went into appeal against the favourable order of Income Tax Appellate Tribunal.

**** A favourable order has been received by the Company subsequent to the period end.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or financial institution. The Company did not have any dues to any Government or any outstanding debentures during the year.
- (ix) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (xi) According to the information and explanations given to us, the managerial remuneration is paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2004 are not applicable to it, the provision of clause 3(xii) of the Order are not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions with related parties are in compliance with section 177 and 188 of the Act and the details, as required by the applicable accounting standards have been disclosed in the Standalone Ind AS financial statements.
- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partially convertible debentures during the year. Accordingly paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them during the year. Accordingly paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to register under section 45-IA of the Reserve Bank of India Act, 1934.

For BSR & Co. LLP
Chartered Accountants
Firm Registration No: 101248W/ W-100022

Place: Pune
Date: 18 July 2019

Nirav Patel
Partner
Membership No: 113327
UDIN: 19113327AAAAZ6834

INDEPENDENT AUDITORS' REPORT

Annexure B to the Independent Auditors' report on the standalone financial statements of Emcure Pharmaceuticals Limited for the period ended 31 March 2019

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Emcure Pharmaceuticals Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls

with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For BSR & Co. LLP
Chartered Accountants
Firm Registration No: 101248W/ W-100022

Place: Pune
Date: 18 July 2019

Nirav Patel
Partner
Membership No: 113327
UDIN: 19113327AAAAAZ6834

Balance Sheet as at March 31, 2019

Rs. in million

Particulars	Note	March 31, 2019	March 31, 2018
Assets			
Non-current assets			
Property, plant and equipment	2	10,194.91	8,050.99
Capital work-in-progress	3	4,059.55	4,690.94
Intangible assets	4	804.32	867.22
Financial assets			
i) Investments	5	3,105.71	3,050.12
ii) Loans	6	662.55	586.51
iii) Other financial assets	7	209.59	189.97
Deferred tax assets (net)	35	-	606.38
Current tax assets (net)	36	332.77	115.44
Other non-current assets	8	356.04	569.70
Total non-current assets		19,725.44	18,727.27
Current assets			
Inventories	9	4,956.52	4,764.44
Financial assets			
i) Trade receivables	10	9,101.12	5,321.71
ii) Cash and cash equivalents	11A	193.45	441.67
iii) Bank balances other than (ii) above	11B	91.56	99.69
iv) Other financial assets	12	315.87	141.01
Other current assets	13	1,391.71	1,795.21
Total current assets		16,050.23	12,563.73
Total assets		35,775.67	31,291.00
Equity and liabilities			
Equity			
Equity share capital	14	1,808.52	1,808.52
Other equity	15	15,966.55	12,297.17
Total equity		17,775.07	14,105.69
Liabilities			
Non-current liabilities			
Financial liabilities			
i) Borrowings	16	4,423.85	4,075.84
ii) Other financial liabilities	17	160.53	180.92
Provisions	18	256.36	239.30
Deferred tax liabilities (net)	35	423.97	-
Other non-current liabilities	19	2.63	11.09
Total non-current liabilities		5,267.34	4,507.15
Current liabilities			
Financial liabilities			
i) Borrowings	20	5,432.75	5,103.88
ii) Trade payables	21		
Total outstanding dues of Micro and Small Enterprises		5.43	-
Total outstanding dues to others		3,229.81	3,434.77
iii) Other financial liabilities	22	3,573.03	3,380.02
Provisions	23	347.89	309.66
Current tax liabilities (net)	36	1.51	249.89
Other current liabilities	24	142.84	199.94
Total current liabilities		12,733.26	12,678.16
Total liabilities		18,000.60	17,185.31
Total equity and liabilities		35,775.67	31,291.00

The notes referred to above form an integral part of the financial statements.
As per our report of even date attached.

For B S R & Co. LLP

Firm Registration: 101248W/W-100022
Chartered Accountants

Nirav Patel

Partner
Membership No. 113327

Place: Pune

Date: July 18, 2019

UDIN: 19113327AAAAAZ6834

For and on behalf of the Board of Directors

CIN -U24231PN1981PLC024251

S.K. Bapat

Director
DIN -00621568

Sanjay Kumar Chowdhary

Company Secretary
Membership No. A12878

Place: Pune

Date: July 18, 2019

Satish Mehta

Managing Director
DIN -00118691

Namita Thapar

Whole Time Director &
Chief Financial Officer
DIN -05318899

Statement of Profit and Loss

for the year ended March 31, 2019

Rs. in million

Particulars	Note	Year Ended March 31, 2019	Year Ended March 31, 2018
Revenue:			
Revenue from operations	25	24,537.03	22,492.38
Other income	26	908.76	609.97
Total income		25,445.79	23,102.35
Expenses:			
Cost of materials consumed	27	5,335.34	3,709.51
Purchases of stock-in-trade		1,965.52	1,773.64
Changes in inventories of finished goods, work-in-progress and stock in trade	28	147.13	603.36
Excise duty		-	78.10
Employee benefit expenses	29	5,161.37	4,841.32
Depreciation and amortisation expense	31	1,298.40	1,199.69
Finance cost	32	1,266.54	880.48
Other expenses	30	6,223.59	6,210.43
Total expenses		21,397.89	19,296.53
Profit before exceptional items and tax		4,047.90	3,805.82
Exceptional items	33	349.55	381.36
Profit before tax		3,698.35	3,424.46
Tax expense	34		
Current tax		913.51	916.79
Deferred tax		(51.70)	79.99
Profit for the year		2,836.54	2,427.68
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurements of post-employment benefit obligations	45	1.67	15.50
Income tax relating to these items	34	(0.58)	(5.41)
Net other comprehensive income not to be reclassified to profit or loss		1.09	10.09
Total comprehensive income for the year		2,837.63	2,437.77
Earnings per share:			
Basic	43	15.68	13.42
Diluted		15.66	13.42
[Face value per share: Rs.10 (Previous year: Rs.10)]			

The notes referred to above form an integral part of the financial statement.

As per our report of even date attached.

For B S R & Co. LLP

Firm Registration: 101248W/W-100022
Chartered Accountants

Nirav Patel

Partner
Membership No. 113327

Place: Pune

Date : July 18, 2019

UDIN: 19113327AAAAZ6834

For and on behalf of the Board of Directors

CIN -U24231PN1981PLC024251

S.K. Bapat

Director
DIN -00621568

Sanjay Kumar Chowdhary

Company Secretary
Membership No. A12878

Place: Pune

Date : July 18, 2019

Satish Mehta

Managing Director
DIN -00118691

Namita Thapar

Whole Time Director &
Chief Financial Officer
DIN -05318899

Statement of Changes In Equity

for the year ended March 31, 2019

Equity share capital	Note	Rs. in million
As at April 1, 2017		1,808.52
Changes in equity share capital	14	-
As at March 31, 2018		1,808.52
Changes in equity share capital	14	-
As at March 31, 2019		1,808.52

Rs. in million

Other equity	Note	Capital reserve	Securities premium	Share options outstanding account	General reserve	Retained earnings	Foreign currency monetary item translation reserve	Total other equity
As at April 1, 2017		12.92	840.37	139.04	1,344.59	8,104.45	19.23	10,460.60
Total comprehensive income for the year ended March 31 2018								
Profit for the year		-	-	-	-	2,427.68	-	2,427.68
Items of other comprehensive income recognised directly in retained earnings		-	-	-	-	10.09	-	10.09
		-	-	-	-	2,437.77	-	2,437.77
Transactions with owners, recorded directly in equity								
Interim dividend paid on equity Shares	15	-	-	-	-	(271.28)	-	(271.28)
Dividend distribution tax on above	15	-	-	-	-	(47.10)	-	(47.10)
Final dividend on equity shares	15	-	-	-	-	(271.28)	-	(271.28)
Dividend distribution tax on above	15	-	-	-	-	(55.23)	-	(55.23)
		-	-	-	-	(644.89)	-	(644.89)
Others								
Employee share based expense	46	-	-	34.39	-	-	-	34.39
Changes in foreign currency monetary item translation reserve	15	-	-	-	-	-	9.30	9.30
Options forfeited	15	-	-	(10.39)	10.39	-	-	-
		-	-	24.00	10.39	-	9.30	43.69
As at March 31, 2018		12.92	840.37	163.04	1,354.98	9,897.33	28.53	12,297.17
Total comprehensive income for the year ended 31 March 2019								
Profit for the year		-	-	-	-	2,836.54	-	2,836.54
Items of other comprehensive income recognised directly in retained earnings		-	-	-	-	1.09	-	1.09
		-	-	-	-	2,837.63	-	2,837.63

Statement of Changes In Equity

for the year ended March 31, 2019

Rs. in million

Other equity	Note	Capital reserve	Securities premium	Share options outstanding account	General reserve	Retained earnings	Foreign currency monetary item translation reserve	Total other equity
Transactions with owners, recorded directly in equity								-
Interim dividend on equity Shares	15	-	-	-	-	(452.13)	-	(452.13)
Dividend distribution tax on above	15	-	-	-	-	(92.94)	-	(92.94)
Final dividend on equity shares	15	-	-	-	-	(361.70)	-	(361.70)
Dividend distribution tax on above	15	-	-	-	-	(59.59)	-	(59.59)
		-	-	-	-	(966.36)	-	(966.36)
Others								
Employee share based expense	46	-	-	52.87	-	-	-	52.87
Changes in foreign currency monetary item translation reserve	15	-	-	-	-	-	35.92	35.92
Revenue recognised in retained earnings due to transition to Ind AS 115 (net of tax) - refer note 47	15	-	-	-	-	2,656.97	-	2,656.97
Options forfeited	15	-	-	(62.89)	62.89	-	-	-
Income tax on above	15	-	-	-	(21.97)	(928.45)	2.77	(947.65)
	15	-	-	(10.02)	40.92	1,728.52	38.69	1,798.11
As at March 31, 2019		12.92	840.37	153.02	1,395.90	13,497.12	67.22	15,966.55

For description of nature and purpose of Reserves refer note 15.

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached.

For B S R & Co. LLP

Firm Registration: 101248W/W-100022

Chartered Accountants

Nirav Patel

Partner

Membership No. 113327

Place: Pune

Date : July 18, 2019

UDIN: 19113327AAAAAZ6834

For and on behalf of the Board of Directors

CIN -U24231PN1981PLC024251

S.K. Bapat

Director

DIN -00621568

Sanjay Kumar Chowdhary

Company Secretary

Membership No. A12878

Place: Pune

Date : July 18, 2019

Satish Mehta

Managing Director

DIN -00118691

Namita Thapar

Whole Time Director &

Chief Financial Officer

DIN -05318899

Cash Flow Statement

for the year ended March 31, 2019

Rs. in million

Particulars	March 31, 2019	March 31, 2018
Cash flows from operating activities:		
Profit before tax	3,698.35	3,424.46
Adjustment for:		
Depreciation and amortisation	1,298.40	1,199.69
Unrealised exchange loss	144.51	10.31
Finance costs	1,266.54	880.48
Change in fair value of investment in preference shares of subsidiary	(16.49)	(2.56)
Employee share-based payment	13.77	11.88
Interest income from banks and others	(10.24)	(7.77)
Interest income from intercorporate loans	(48.52)	(42.10)
Net gain/(loss) on loans given to subsidiaries measured at amortised cost	(13.09)	(4.64)
Loss on sale of property, plant and equipment	7.83	12.17
Dividend income	(71.82)	(39.90)
Revenue recognised in retained earnings due to transition to Ind AS 115 (Refer note 47)	2,656.97	-
	8,926.21	5,442.02
Working capital adjustments:		
- (Increase) / Decrease in inventories	(192.08)	705.93
- (Increase) in trade receivables	(3,779.41)	(1,793.78)
- (Increase) in other financial assets	(165.43)	(25.90)
- Decrease / (Increase) in other assets	424.62	(1,037.44)
- (Decrease) / Increase in trade payables	(199.53)	1,214.99
- (Decrease) / Increase in other financial liabilities	(39.61)	38.76
- (Decrease) in other liabilities	(65.54)	(61.56)
- Increase in provisions	56.96	21.02
	(3,960.02)	(937.98)
Cash generated from operating activities	4,966.19	4,504.04
Income tax paid (net of refunds)	(1,254.52)	(493.11)
Net cash from operating activities (A)	3,711.67	4,010.93
Cash flows from investing activities		
Acquisition of property, plant and equipment, intangibles and capital work-in-progress (refer note 3)	(2,878.52)	(2,842.21)
Proceeds from sale of property, plant and equipment	12.10	9.78
Purchase of shares of subsidiary	-	(44.03)
Intercorporate loans given to subsidiaries	(5.98)	(52.51)
Repayment of intercorporate loans by subsidiaries	5.08	-
Interest received from banks and others	10.96	7.18
Interest received on loans to subsidiaries	19.26	5.62
Dividend received	71.82	39.90
Term deposit placed	(261.60)	(18.47)
Term deposit matured	269.32	21.37
Net cash used in investing activities (B)	(2,757.56)	(2,873.37)
Cash flows from financing activities		
Repayment of long-term borrowings (refer note 1 and 2 below)	(3,908.92)	(3,193.25)
Proceeds from long-term borrowings (refer note 1 below)	4,706.15	2,618.81
Proceeds / (repayment) of short-term borrowings (net)	923.61	(59.68)
Interest paid (refer note 3)	(1,289.12)	(888.58)
Interim dividend paid (and related dividend distribution tax)	(545.07)	(318.38)
Final dividend paid (and related dividend distribution tax)	(421.29)	(326.50)
Net cash used in financing activities (C)	(534.64)	(2,167.59)
Net increase in cash and cash equivalents (A+B+C)	419.47	(1,030.03)
Cash and cash equivalent as at 1 April (refer below)	(2,666.03)	(1,636.30)
Effect of exchange rate fluctuations on cash and cash equivalent	(1.42)	0.30
Cash and cash equivalent as at 31 March (refer below)	(2,247.96)	(2,666.03)

Cash Flow Statement

for the year ended March 31, 2019

Rs. in million

Particulars	March 31, 2019	March 31, 2018
Changes in liabilities arising from financing activities		
Non current borrowings:		
Opening balance	5,925.55	6,500.62
Amount borrowed during the year	4,706.15	2,618.81
Amount repaid during the year	(3,908.92)	(3,193.26)
Others (includes unrealised foreign exchange differences)	83.54	(0.62)
Closing balance	6,806.32	5,925.55
Finance cost:		
Opening balance	28.25	30.78
Finance cost during the year	1,266.54	880.48
Amount paid during the year	(1,289.12)	(888.58)
Others (includes borrowing cost capitalised during the year)	16.20	5.57
Closing balance	21.87	28.25

Rs. in million

Components of cash and cash equivalent:	March 31, 2019	March 31, 2018
Cash on hand	0.62	0.55
Balances with bank in current accounts	187.28	428.87
Demand deposits (with original maturity of less than 3 months)	5.55	12.25
Bank overdrafts used for cash management purpose	(2,441.41)	(3,107.70)
Total cash and cash equivalent*	(2,247.96)	(2,666.03)

* Cash and cash equivalent includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

Notes:

1. Amount includes swap of loan with other banks amounting to Rs. 1,754.55 million (March 31, 2018: Nil)
2. This includes prepayment of term loan amounting Rs. Nil (March 31, 2018: Rs. 1,196.06 million.)
3. Includes interest expense of Rs. 25.32 million (March 31, 2018: Rs. 27.11 million) which have been capitalised in accordance with Ind AS 23, Borrowing Costs.

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached.

For B S R & Co. LLP

Firm Registration: 101248W/W-100022

Chartered Accountants

Nirav Patel

Partner

Membership No. 113327

For and on behalf of the Board of Directors

CIN -U24231PN1981PLC024251

S.K. Bapat

Director

DIN -00621568

Satish Mehta

Managing Director

DIN -00118691

Sanjay Kumar Chowdhary

Company Secretary

Membership No. A12878

Namita Thapar

Whole Time Director &

Chief Financial Officer

DIN -05318899

Place: Pune

Date : July 18, 2019

UDIN: 19113327AAAAAZ6834

Place: Pune

Date : July 18, 2019

Notes to the financial statements

(continued) For the year ended March 31, 2019

1A. General information:

Emcure Pharmaceuticals Limited (hereinafter referred to as "Company") is a Company limited by shares, incorporated and domiciled in India. The Company is engaged in developing, manufacturing and marketing a broad range of pharmaceutical products globally. The Company's core strength lies in developing and manufacturing differentiated pharmaceutical products in-house, which are commercialised through Company's marketing infrastructure across geographies and business relationships with multi-national pharmaceutical companies

1B. Basis of preparation

a) Basis of preparation

i. Statement of compliance

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

The financial statements were authorised for issue by the Company's Board of Directors on July 18, 2019.

Details of the Company's accounting policies are included in Note 1C.

b) Functional and presentation currency

The financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All the amounts disclosed in the financial statements and notes have been rounded off to the nearest million, unless otherwise indicated.

c) Basis of Measurement

The financial statements are prepared under the historical cost convention except for the following items:

Items	Measurement Basis
Certain Financial assets and liabilities	Fair value
Equity settled share based payment arrangements	Fair value
Net defined benefit (asset) / liability	Fair value of plan assets less present value of defined benefit obligations

d) Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumptions and estimations uncertainties that have a significant risk resulting in a material adjustment in the year ending 31 March 2019 is included in

following notes:

Note 1C. c) Useful lives of property, plant, equipment and intangibles;

Note 23 - recognition and measurement of provisions and contingencies : key assumptions about the likelihood and magnitude of an outflow of resources;

Note 35 - recognition of deferred tax assets: availability of future taxable profit against which tax credit can be used;

Note 38 - Impairment of financial instruments

Note 39 - measurement of fair value of optionally convertible and redeemable preference shares; key assumptions for earning growth rate and discount rate

Note 39 - measurement of amortised cost of loans to related parties and interest accrued on these loans; key assumptions for discount rate

Note 45 - measurement of defined benefit obligations: key actuarial assumptions;

e) Measurement of fair values

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

The Company has an established control framework with respect to the measurement of fair values. This includes a team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Head of Treasury .

The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

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

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

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

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

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

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

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

- Note 39 – financial instruments;

- Note 46 – share-based payment arrangements; and

Notes to the financial statements

(continued) For the year ended March 31, 2019

f) Current versus non current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is held for the purpose of being traded;
- it is expected to be realized within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current assets / non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be settled within 12 months after the reporting date; or
- the Company does not have any unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current liabilities include the current portion of non-current liabilities / non-current financial liabilities. All other liabilities are classified as non-current.

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

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalent. The operating cycle of the Company is less than 12 months.

1C. Significant accounting policies

a) Foreign Currency Translation

Transaction in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of transaction. Exchange difference are recognised in statement of profit and loss, except exchange differences arising from the translation of the following item which are recognised directly in other equity:

- Translation of long term foreign currency monetary items pertaining to period prior to transition to Ind AS and which are not related to purchase of property, plant and equipment and intangible assets (refer note 15).

b) Financial instruments

i. Recognition and initial measurement

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

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

attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

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

- amortised cost; or
- Fair value through profit and loss (FVTPL)

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policy and objectives for the portfolio and the operation of those policies in practice.

These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial asset to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of asset;

- How the performance of portfolio is evaluated and reported to the Company's management;
- The risk that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Notes to the financial statements

(continued) For the year ended March 31, 2019

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of financial asset on initial recognition. 'Interest' is defined as consideration for time value of money and for credit risk associated with the principal amount outstanding during a particular period of time and other basic leading risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- term that would adjust the contractual rate, including variable interest rate features;
- prepayment and extension features; and
- term that limits the Company's claim to cash flows for specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amount of principal and interest on principal amount outstanding, which may include reasonable additional compensation for early termination of contract. Additionally, for a financial asset acquired on a significant premium or discount to its contractual par amount, a feature that permits or require prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is significant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

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

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised

in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. Derecognition Financial assets

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

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

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

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

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

c) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimate costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separated items (major components) of property, plant and equipment.

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

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefit associated with the expenditure will flow to the Company.

Notes to the financial statements

(continued) For the year ended March 31, 2019

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight line method, and is generally recognised in the statement of profit and loss.

Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated.

"Depreciation is provided on pro-rata basis using the straight-line method over the estimated useful lives of the assets prescribed under Schedule II to the Companies Act 2013 except in case of:

- Furniture and fixtures at leasehold premises that are depreciated over the lease period.
- Vehicles are depreciated over 5 years, as per technical evaluation.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives represents the period over which the management expects to use these assets.

Depreciation on additions (disposals) during the year is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

d) Intangible assets

i. Initial recognition:

Intangible assets are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefit associated with the expenditure will flow to Company.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual value over their estimated useful lives using straight line method, as is included in depreciation and amortisation in statement of profit and loss.

The estimated useful lives are as follows:

Intangible Asset	Management estimated useful life
Brands acquired	5 to 10 years
Software, license rights	2 to 10 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

IV) Intangible Asset under development

Intangible assets under development are initially recognized at cost. Such intangible assets are subsequently capitalized only if it is probable that the future economic benefit associated with the expenditure will flow to the Company.

V) Impairment

The Company irrespective of whether there is any indication of impairment, test an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. The recoverable amount is the higher of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of the

intangible asset not yet available for use exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost on inventories is based on weighted average formula, and includes expenditure incurred in acquiring the inventories, production or conversion cost and other cost incurred in bringing them to their present location and condition. In case of manufactured inventory and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expense.

The net realisable value of work-in-progress is determined with reference to the selling price of related finished products.

Raw materials, components and other supplies held for use in production of finished products are not written down below cost except in cases where material price have declined and it is estimated that the cost of finished products will exceed their net realizable value.

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

The Company considers various factors like shelf life, ageing of inventory, product discontinuation, price changes and any other factor which impact the Company's business in determining the allowance for obsolete, non-saleable and slow moving inventories. The Company considers the above factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

f) Impairment

i. Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit - impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on estimated future cash flows of financial assets have occurred.

Evidence that a financial asset is credit impaired includes the following observed data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being overdue for a period of more than 12 months from the credit term offered to the customer;
- the restructuring of loan or advance by the Company on the terms that the Company would not consider otherwise;
- it is probable that borrower will enter bankruptcy or the financial reorganization;
- the disappearance of active market for a security because of financial difficulties.

In accordance with Ind-AS 109, the 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 receivables. 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

Notes to the financial statements

(continued) For the year ended March 31, 2019

each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets the Company recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date, the credit risk has not increased significantly since its original recognition. However, if credit risk has increased significantly, lifetime ECL is used.

ECL impairment loss allowance (or reversal) is recognized in the statement of profit and loss.

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

The Company considers financial asset to be in default when:

- a. The borrower is unlikely to pay its credit obligation to the Company in full, without recourse by the Company to action such as realising security (if any is held); or
- b. The financial asset is 360 days or more past due.

Measurement of expected credit loss

Expected credit loss are probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flow that the Company expects to receive).

Presentation of allowance of expected credit losses in the balance sheet

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write – off

The Gross carrying amount of financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when Company determines that the debtor does not have asset or source of income that could generate sufficient cash flows to repay the amount subject to write-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with Company's procedures for recovery of amounts due.

ii. Impairment of non-financial asset

The Company's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less cost of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets (e.g. central office building for providing support to

various CGUs) do not generate independent cash inflows. To determine impairment of corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss on goodwill is not subsequently reversed.

g) Employee benefits

i. Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

ii. Share-based payment transactions

Share-based payment are provided to employees of the Group via the Company's Employees Stock Option Plan ("Emcure ESOS 2013")

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

The Company also grants the options to the employees of its subsidiaries for which subsidiary does not have an obligation to settle the share based payment transaction. Total expense for such options issued to employees of subsidiary is recognised as investment in the nature of employee stock options issued to employees of subsidiary and corresponding increase in share options outstanding account.

iii. Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

iv. Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that

Notes to the financial statements

(continued) For the year ended March 31, 2019

employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation result is a potential asset for the Company, the recognised asset is limited to the present value of economic benefit available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit and loss.

When the benefits of the plan are changed or when plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gain and losses on the settlement of a defined benefit plan when the settlement occurs.

v. Other long term employee benefit

The Company's liability in respect of other long-term employee benefits (compensated absences) is the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the Projected Unit Credit method. Remeasurement gains or losses are recognised in profit or loss in the period in which they arise.

h) Provisions (other than for employee benefits), Contingent liabilities and contingent assets

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

i. Sales returns and breakage expiry

When a customer has a right to return the product within a given period, the Company has recognised a provision for returns. The provision is measured equal to the value of the sales expected to return in the future period. Revenue is adjusted for the expected value of the returns and cost of sales are adjusted for the value of the corresponding goods to be returned.

The Company has an obligation to replace the goods which will expire. The Company has recognised a provision for the returns due to expiry. The provision is measured on the basis of historical trend of expiry against the sales occurred in the current and earlier period. Management considers the sales value for the periods which are equivalent to average general shelf life of products. Revenue is adjusted for the expected value of the returns."

ii. Contingencies

Provision in respect of loss contingencies relating to claims, litigations, assessments, fines, penalties, etc. are recognised when it is probable that a liability has been incurred, and the amount can be estimated reliably.

iii. Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefit will arise, the asset and related income are recognised in the period in which the change occurs. A contingent asset is disclosed, where an inflow of economic benefits is probable.

j) Revenue (Pursuant to Ind AS 115 - 'Revenue from contract with customers' coming into force in the current reporting period) (refer note 47)

Revenue is measured based on the consideration specified in a contract with a customer. Consideration is allocated to each performance obligation specified in the contract. The Company recognises revenue pertaining to each performance obligation when it transfers control over a product to a customer, which is adjusted for expected refunds, which are estimated based on the historical data, adjusted as necessary.

The consideration can be fixed or variable. Where the consideration promised in a contract includes a variable amount, the Company estimates the amount of consideration to which the Company will be entitled in exchange for transferring the promised goods or services to a customer. Variable consideration is only recognised when it is highly probable that a significant reversal will not occur.

The Company recognises refund liability where the Company receives consideration from a customer and expects to refund some or all of that consideration to the customer. The refund liability is measured at the amount of consideration received (or receivable) for which the entity does not expect to be entitled (i.e. amounts not included in the transaction price).

In the comparative period, the revenue was recognised as per the following accounting policy (As per Ind AS 18 - 'Revenue') (refer note 47):

Sale of goods

Revenue from sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal Credit terms. Revenue is recognised when the significant risk and rewards of ownership of goods have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably. The timing of transfers of risks and rewards varies depending on the individual terms of sale.

Rendering of services (other than sale of technology / know-how, rights, licenses and other intangibles)

Revenue from rendering of services is recognised in statement of profit and loss by

Notes to the financial statements

(continued) For the year ended March 31, 2019

reference to percentage completion method. The Company is involved in rendering services related to its products to its customers. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services.

Rendering of services - sale of technology / know-how, rights, licenses and other intangibles

Income from sale of technology / know-how, rights, licenses and other intangibles is recognised in accordance with the terms of the contract with customers when the related performance obligation is completed, or when risks and rewards of ownership are transferred, as applicable.

Profit share revenues

From time to time the Company enters into marketing arrangements with business partners for the sale of its products in certain markets. Under such arrangements, the Company sells its products to the business partners at a price agreed upon in the arrangement and is also entitled to a profit share which is over and above the agreed price. The profit share is dependent on the business partner's ultimate net sale proceeds or net profit, subject to any reductions or adjustments that are required by the terms of the arrangement.

The additional amount representing the profit share component is recognized as revenue in the period which corresponds to the ultimate sales made by the business partners only when the collectability of the profit share becomes probable and a reliable measure of the profit share is available. In measuring the amount of profit share revenue to be recognised for such period, the Company uses all available information and evidences relating to the amounts owed to the Company under these arrangements, such as confirmations provided by business partners, including those made available on or before the date of approval of financial statements.

Profit share revenue is measured as per the percentage of profit share and computation method, specified in the agreement with business partner.

Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation.

j) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognised in profit or loss as other operating revenue on a systematic basis.

Grants that compensate the Company for expenses incurred are recognised in profit or loss as other operating revenue on a systematic basis in the periods in which such expenses are recognised.

k) Leases

i. Assets held under leases

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets. Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Company's Balance Sheet.

ii. Lease Payments

Payments made under operating leases are generally recognised in statement of profit and loss on straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on remaining balance of the liability.

l) Recognition of dividend income, interest income or expenses

Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

Interest income is recognised using effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of financial instrument to:

- The gross carrying amount of the financial assets; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

m) Income tax

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

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss of the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing

Notes to the financial statements

(continued) For the year ended March 31, 2019

other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

n) Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

o) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprises cash at bank 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.

p) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of the Company are identified as Chief operating decision maker. Refer note 50 for segment information.

q) Earnings per share

“The basic earnings per share is computed by dividing the net profit / (loss) after tax attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period.

Diluted earnings per share is computed by dividing the net profit / (loss) after tax attributable to the equity shareholders for the period by the weighted average number of equity and equivalent dilutive equity shares outstanding during the reporting period, except where the results would be anti-dilutive.”

r) Exceptional item

In certain instances, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company is such that its disclosure improves the understanding of the performance of the Company, such income or expenses is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financials statements.

s) Cash flow statement

Cash flow are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or

future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. For the purpose of cash flow statement bank overdraft that are repayable on demand are considered as cash and cash equivalent as it form an integral part of the company's cash management.

t) Research and development

Revenue expenditure on research and development activities is recognized as expense in the period in which it is incurred.

Note 1D. Recent accounting pronouncements

Ministry of Corporate Affairs (“MCA”), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new Ind AS and amendments to Ind AS’ which the Company has not applied as they are effective from 01 April 2019:

Ind AS - 116 Leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The amendment is effective for annual periods beginning on or after 01 April 19. The Company is in the process of evaluating the impact of this amendment on the financial statements.”

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.”

Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this

Notes to the financial statements

(continued) For the year ended March 31, 2019

amendment to have any impact on its financial statements.

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.”

“Ind AS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not currently have any long-term interests in associates

and joint ventures and hence does not expect any impact from this amendment.”

“Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Company does not have control / joint control / joint control of a business that is a joint operation and hence does not expect any impact from this amendment.”

Notes to the financial statements

(continued) For the year ended March 31, 2019

Rs. in million

Note 2 - Property, plant and equipment	Gross book value				Accumulated depreciation				Net book value
	As at April 1, 2018	Additions during the year*	Disposals during the year	As at March 31, 2019	As at April 1, 2018	Charge for the year	Disposals during the year	As at March 31, 2019	As at March 31, 2019
Freehold land	14.42	-	-	14.42	-	-	-	-	14.42
Leasehold land	797.46	4.79	-	802.25	23.42	8.89	-	32.31	769.94
Leasehold improvements	196.55	30.80	-	227.35	46.64	34.74	-	81.38	145.97
Building	1,823.50	1,240.33	-	3,063.83	213.40	77.12	-	290.52	2,773.31
Plant and machinery	6,321.28	1,467.20	26.09	7,762.39	1,833.94	721.57	10.05	2,545.46	5,216.93
Electrical installation	440.33	163.93	0.20	604.06	213.49	52.89	0.09	266.29	337.77
Air handling equipment	655.36	137.44	4.41	788.39	200.96	72.57	2.71	270.82	517.57
Computers	249.29	95.89	1.02	344.16	128.93	63.41	0.87	191.47	152.69
Office equipment's	81.24	24.89	0.03	106.10	44.55	14.86	0.01	59.40	46.70
Furniture and fixtures	160.91	75.28	-	236.19	55.34	19.43	-	74.77	161.42
Vehicles	137.70	14.00	5.41	146.29	66.38	25.21	3.49	88.10	58.19
Total	10,878.04	3,254.55	37.16	14,095.43	2,827.05	1,090.69	17.22	3,900.52	10,194.91

* Additions during the year includes exchange gain / loss capitalised during the year.

Note: The effect of changes in foreign exchange rates on foreign currency loans relating to acquisition of depreciable capital assets, amounting to Rs. 51.75 million (March 31, 2018 gain of Rs. 1.01 million) relating to eligible assets for the year ended March 31, 2019, have been added to the cost of such assets.

Refer note 48 for information on property, plant and equipment pledged as security by the company.

Rs. in million

Note 2 - Property, plant and equipment	Gross book value				Accumulated depreciation				Net book value
	As at April 1, 2017	Additions during the year*	Disposals during the year	As at March 31, 2018	As at April 1, 2017	Charge for the year	Disposals during the year	As at March 31, 2018	As at March 31, 2018
Freehold land	7.49	6.93	-	14.42	-	-	-	-	14.42
Leasehold land	797.50	(0.04)	-	797.46	14.57	8.85	-	23.42	774.04
Leasehold improvements	86.85	112.95	3.25	196.55	29.16	20.73	3.25	46.64	149.91
Building	1,755.69	67.81	-	1,823.50	139.39	74.01	-	213.40	1,610.10
Plant and machinery	5,646.28	724.79	49.79	6,321.28	1,196.58	666.03	28.67	1,833.94	4,487.34
Electrical installation	403.47	37.45	0.59	440.33	155.36	58.63	0.50	213.49	226.84
Air handling equipment	595.01	61.48	1.13	655.36	131.53	69.96	0.53	200.96	454.40
Computers	188.68	60.69	0.08	249.29	76.17	52.83	0.07	128.93	120.36
Office equipment's	62.46	18.97	0.19	81.24	29.89	14.85	0.19	44.55	36.69
Furniture and fixtures	136.86	24.27	0.22	160.91	36.92	18.55	0.13	55.34	105.57
Vehicles	125.08	24.52	11.90	137.70	51.91	26.32	11.85	66.38	71.32
Total	9,805.37	1,139.82	67.15	10,878.04	1,861.48	1,010.76	45.19	2,827.05	8,050.99

*Additions during the year includes exchange gain / loss capitalised during the year.

Refer note 48 for information on property, plant and equipment pledged as security by the company.

Rs. in million

Note 3 - Capital work-in-progress	As at April 1, 2018	Additions during the year	Capitalised during the year	As at March 31, 2019
Capital work-in-progress	4,690.94	2,105.90	2,737.29	4,059.55
Total	4,690.94	2,105.90	2,737.29	4,059.55

Notes to the financial statements

(continued) For the year ended March 31, 2019

Rs. in million

Note 3 - Capital work-in-progress	As at April 1, 2017	Additions during the year	Capitalised during the year	As at March 31, 2018
Capital work-in-progress	2,884.33	2,508.02	701.41	4,690.94
Total	2,884.33	2,508.02	701.41	4,690.94

Notes:

- The capital work in progress at the year end mainly consists of plant and machinery, building and other assets pertaining to various projects / plants, expansion of existing facilities, etc.
- The effect of changes in foreign exchange rates on foreign currency loans relating to acquisition of depreciable capital assets, amounting to Rs. 11.08 million (March 31, 2018 gain of Rs. 1.74 million) relating to eligible assets for the year ended March 31, 2019, have been added to the cost of such assets.
- The borrowing cost capitalised on qualifying assets amounting to Rs. 25.32 million (March 31, 2018 Rs. 27.11 million) have been added to the cost of assets which are lying in capital work in progress as at year end (refer note 33).
- The capitalisation rate used to determine the amount of borrowing costs to be capitalised in the case of term loan is in the range of 5.66% to 10.15% (March 31, 2018 - 4.70% to 10.40%) and working capital loan @7.91% (March 31, 2018 - 8.46%).

Refer note 48 for information on capital work-in-progress pledged as security by the company.

Rs. in million

Note 4 - Intangible assets	Gross book value				Accumulated depreciation				Net book value
	As at April 1, 2018	Additions during the year	Disposals during the year	As at March 31, 2019	As at April 1, 2018	Charge for the year	Disposals during the year	As at March 31, 2019	As at March 31, 2019
Brands	1,107.55	18.05	-	1,125.60	339.49	134.73	-	474.22	651.38
Software	268.82	126.76	-	395.58	174.95	69.15	-	244.10	151.48
Licensing rights	13.44	-	-	13.44	8.15	3.83	-	11.98	1.46
Total	1,389.81	144.81	-	1,534.62	522.59	207.71	-	730.30	804.32

Rs. in million

Note 4 - Intangible assets	Gross book value				Accumulated depreciation				Net book value
	As at April 1, 2017	Additions during the year	Disposals during the year	As at March 31, 2018	As at April 1, 2017	Charge for the year	Disposals during the year	As at March 31, 2018	As at March 31, 2018
Brands	974.07	133.48	-	1,107.55	209.68	129.81	-	339.49	768.06
Software	206.29	62.53	-	268.82	119.67	55.28	-	174.95	93.87
Licensing rights	13.44	-	-	13.44	4.31	3.84	-	8.15	5.29
Total	1,193.80	196.01	-	1,389.81	333.66	188.93	-	522.59	867.22

Note:

Note: The effect of changes in foreign exchange rates on foreign currency loans relating to acquisition of depreciable capital assets, amounting to Rs. 8.05 million (March 31, 2018 Rs. 1.23 million) relating to eligible assets for the year ended March 31, 2019, have been added to the cost of such assets.

Refer note 48 for information on capital work-in-progress pledged as security by the company.

Notes to the financial statements

(continued) For the year ended March 31, 2019

Rs. in million

Note 5 - Non-current investments	March 31, 2019	April 1, 2018
Investment in equity instruments:		
Unquoted (Valued at cost unless otherwise stated)		
Investments in subsidiaries		
<i>Investments in Zuventus Healthcare Limited</i>		
15,960,000 (March 31, 2018 : 15,960,000) fully paid equity shares of Rs. 10 each	71.82	71.82
Equity contribution in the nature of employee stock options issued to employees of subsidiary	4.28	4.18
	76.10	76.00
<i>Investments in Genova Biopharmaceuticals Limited</i>		
4,847,500 (March 31, 2018 : 4,847,500) fully paid equity shares of Rs. 10 each	48.48	48.48
Equity contribution in the nature of employee stock options issued to employees of subsidiary	5.51	5.37
	53.99	53.85
<i>Investments in Emcure Nigeria Limited</i>		
5,836,841 (March 31, 2018: 5,836,841), fully paid equity shares of Naira 1 each	1.90	1.90
	1.90	1.90
<i>Investments in Emcure Pharmaceuticals Mena FZ-LLC</i>		
100 (March 31, 2018: 100), fully paid equity shares of AED 1000 each,	1.33	1.33
Equity contribution in the nature of employee stock options issued to employees of subsidiary	34.12	34.12
	35.45	35.45
<i>Investments in Emcure Pharmaceuticals South Africa (Pty) Ltd</i>		
100 (March 31, 2018: 100), fully paid equity shares of ZAR 1 each	#	#
	#	#
<i>Investments in Heritage Pharma Holdings Inc *</i>		
2,085 (March 31, 2018: 2,085), fully paid equity shares of USD 1 each,	1,415.37	1,415.37
	1,415.37	1,415.37
<i>Investments in Emcure Pharma UK Ltd.*</i>		
5,000,000 (March 31, 2018: 5,000,000), fully paid equity shares of GBP 1 each,	488.99	488.99
Equity contribution in the nature of employee stock options issued to employees of subsidiary	3.67	3.58
	492.66	492.57
<i>Investments in Emcure Brasil Farmaceutica Ltda.</i>		
4,642,498 (March 31, 2018: 4,642,498), fully paid equity shares of Real 1 each,	122.55	122.55
Equity contribution in the nature of employee stock options issued to employees of subsidiary	1.18	1.18
	123.73	123.73
<i>Investments in Emcure Pharma Mexico S.A. DE C.V.</i>		
49,999 (March 31, 2018: 49,999), fully paid equity shares of Peso 1 each,	0.21	0.21
	0.21	0.21
<i>Investments in Emcure Pharma Peru S.A.C</i>		
990 (March 31, 2018: 990), fully paid equity shares of Sol 1 each,	0.02	0.02
	0.02	0.02
<i>Investments in Marcan Pharmaceuticals Inc*</i>		
12,880,001 (March 31, 2018: 12,880,001), fully paid equity shares of CAD 1 each	650.91	650.91
Equity contribution in the nature of employee stock options issued to employees of subsidiary	15.65	13.29
	666.56	664.20
<i>Investments in Emcure Pharmaceuticals Pty Ltd</i>		
1,000,000 (March 31, 2018: 100,000), fully paid equity shares of AUD 1 each,	48.72	48.72
	48.72	48.72
Investment in step down subsidiaries		
<i>Investments in Heritage Pharma Labs Inc.</i>		
Equity contribution in the nature of employee stock options issued to employees of subsidiary	21.27	20.79
	21.27	20.79

Notes to the financial statements

(continued) For the year ended March 31, 2019

Note 5 - Non-current investments	March 31, 2019	April 1, 2018
<i>Investments in Heritage Pharmaceuticals Inc.</i>		
Equity contribution in the nature of employee stock options issued to employees of subsidiary	49.46	14.71
	49.46	14.71
<i>Investments in Tillomed Laboratories Limited.</i>		
Equity contribution in the nature of employee stock options issued to employees of subsidiary	1.18	-
	1.18	-
Investment in preference share		
Unquoted - Valued at fair value through profit and loss		
<i>Investments in Genova Biopharmaceuticals Limited</i>		
10,000,000 (March 31, 2018: 10,000,000) fully paid, optionally convertible redeemable preference shares of Rs. 10 each (Refer Note 49)	119.09	102.60
	3,105.71	3,050.12
Investment in government securities		
Unquoted		
National Savings Certificates	#	#
Aggregate amount of unquoted Investments	3,105.71	3,050.12

The amounts are below the rounding off norm adopted by the Company.

* Pledged to the banks for loan facilities availed by respective companies

Rs. in million

Note 6 - Loans	March 31, 2019	March 31, 2018
Unsecured considered good, unless otherwise specified:		
Loans to related parties (refer note 44)	560.58	474.38
Security deposits	101.97	112.13
Total	662.55	586.51

Break-up of security details	March 31, 2019	March 31, 2018
Loans considered good - Secured	-	-
Loans considered good - Unsecured	662.55	586.51
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	662.55	586.51
Less: Loss allowance	-	-
Total Loans	662.55	586.51

Rs. in million

Note 7 - Other non-current financial assets	March 31, 2019	March 31, 2018
Unsecured considered good, unless otherwise specified:		
Term deposits with banks having remaining maturity period of more than 12 months (refer note below)	4.19	3.78
Interest accrued on loans to related parties (refer note 44)	205.40	186.19
Total	209.59	189.97

Note: Held as lien by bank against guarantees.

Rs. in million

Note 8 - Other non-current assets	March 31, 2019	March 31, 2018
Unsecured considered good, unless otherwise specified:		
Capital Advances	244.56	437.09
Prepaid expenses	0.46	61.44
Balances with government authorities	111.02	71.17
Total	356.04	569.70

Notes to the financial statements

(continued) For the year ended March 31, 2019

Note 9 - Inventories	March 31, 2019	March 31, 2018
Raw materials [Includes in transit Rs. 65.92 million (March 31, 2018 - Rs. 23.00 million)]	1,982.65	1,681.38
Packing materials [Includes in transit Rs. 22.21 million (March 31, 2018 - Rs. 8.25 million)]	443.04	439.82
Work-in-process	882.29	656.92
Finished goods [Includes in transit Rs. 5.04 million (March 31, 2018 - Rs. 1.37 million)]	723.84	864.83
Stock in trade	727.97	959.48
Stores and spares [Includes in transit Rs. Nil (March 31, 2018 - 0.80 million)]	196.73	162.01
Total	4,956.52	4,764.44

Notes:

1. Amounts recognised in statement of profit or loss

Write-downs of inventories during the year amounted to Rs. 359.16 million (March 31, 2018 - Rs. 184.76 million). These were recognised as an expense during the year and included in cost of materials consumed or changes in inventories of finished goods, work-in-progress and traded goods in statement of profit and loss.

2. Inventories are hypothecated as security against the long term and short term borrowings outstanding as at year end and previous period, refer note 48.

Note 10 - Trade receivables	March 31, 2019	March 31, 2018
Unsecured, considered good	9,101.12	5,321.71
Doubtful	170.12	126.45
Less: Allowance for doubtful debts	(170.12)	(126.45)
Total	9,101.12	5,321.71

Rs. in million

Of the above, trade receivables from related parties are as below

Particulars	March 31, 2019	March 31, 2018
Total trade receivables from related parties (refer note 44)	5,924.95	3,005.04
Less: Allowance for doubtful debts	(69.70)	(27.53)
Net trade receivables	5,855.25	2,977.51

Rs. in million

Break-up of security details	March 31, 2019	March 31, 2018
Trade receivables considered good - Secured	-	-
Trade receivables considered good - Unsecured	9,101.12	5,321.71
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	170.12	126.45
Total	9271.24	5448.16
Less: Loss allowance	(170.12)	(126.45)
Total	9101.12	5321.71

For terms and conditions of trade receivables owing from related parties, refer note 44.

For receivables secured against borrowings, refer note 48.

The Company's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note 38.

Note 11A - Cash and cash equivalents	March 31, 2019	March 31, 2018
Cash on hand	0.62	0.55
Balances with bank in current accounts	187.28	428.87
Demand deposits (with original maturity of less than 3 months)	5.55	12.25
Total	193.45	441.67

Rs. in million

Notes to the financial statements

(continued) For the year ended March 31, 2019

Rs. in million

Note 11B - Bank balances other than cash and cash equivalents	March 31, 2019	March 31, 2018
Term deposits with banks having initial maturity of more than 3 months but remaining maturity of less than 12 months (refer note below)	91.56	99.69
Total	91.56	99.69

Note : Held as lien by bank for issuing bank guarantees.

Rs. in million

Note 12 - Other current financial assets	March 31, 2019	March 31, 2018
Unsecured considered good, unless otherwise specified:		
Interest accrued on deposits with bank	0.54	0.81
Interest accrued on deposits with others	1.12	1.58
Financial guarantee fees receivable from subsidiaries (refer note 44)	61.78	65.41
Other amount due from subsidiaries (refer note 44)	235.29	62.02
Other receivable	17.14	11.19
Total	315.87	141.01

Rs. in million

Note 13 - Other current assets	March 31, 2019	March 31, 2018
Unsecured considered good, unless otherwise specified:		
Advances for supply of goods and services	197.52	210.22
Balances with government authorities	1,098.45	1,505.98
Advance to employees	11.10	5.89
Prepaid expenses	84.64	73.12
Total	1,391.71	1,795.21

Rs. in million

Note 14 - Equity share capital	March 31, 2019		March 31, 2018	
	Number of shares	Value	Number of shares	Value
a. Authorised share capital				
Equity Shares of Rs. 10 each	20,00,00,000	2,000.00	20,00,00,000	2,000.00
b. Issued, subscribed and paid up capital*				
Equity Shares of Rs. 10 each	18,08,52,116	1,808.52	18,08,52,116	1,808.52

* All issued shares are fully paid up.

c. Reconciliation of the number of the shares outstanding at the beginning and at the end of the year

Rs. in million

Particulars	March 31, 2019		March 31, 2018	
	Number of shares	Value	Number of shares	Value
Equity Shares outstanding at the beginning and at the end of the year	18,08,52,116	1,808.52	18,08,52,116	1,808.52

The Company has also issued share options to its employees and employees of the subsidiaries, refer note 46.

d. Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

e. Employee stock options

Terms attached to stock options granted to employees of the Company and subsidiaries are described in note 46 regarding share-based payments.

Notes to the financial statements

(continued) For the year ended March 31, 2019

f. Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

Rs. in million

Particulars	Number of shares issued				
	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Equity shares allotted as fully paid up bonus shares in the ratio of 3:1 by utilisation of securities premium	-	-	-	13,56,39,087	-

g. Details of equity shareholders holding shares more than 5%

Rs. in million

Particulars	March 31, 2019		March 31, 2018	
	No. of Shares held	% of Shareholding	No. of Shares held	% of Shareholding
Satish Mehta	7,57,24,248	41.87%	7,57,24,248	41.87%
BC Investments IV Limited	2,36,73,544	13.09%	2,36,73,544	13.09%
Sanjay Mehta	1,57,64,028	8.72%	1,57,64,028	8.72%
Samit Mehta	1,35,47,632	7.49%	1,35,47,632	7.49%
Sunil Mehta	1,10,85,012	6.13%	1,10,85,012	6.13%
Bhavana Mehta	93,88,288	5.19%	93,88,288	5.19%
Total	14,91,82,752	82.49%	14,91,82,752	82.49%

h. Shares reserved for issue under options:

Rs. in million

Particulars	March 31, 2019		March 31, 2018	
	Number of shares	Total face value	Number of shares	Total face value
a. Under ESOS, 2013; 2.84 million equity share with face value of Rs. 10 each, at an exercise price of Rs. 221.25 per share (refer note 46)	14,00,000	14.00	16,00,000	16.00
b. Under ESOS, 2013; 0.58 million equity share with face value of Rs. 10 each, at an exercise price of Rs. 508.75 per share (refer note 46)	1,20,000	1.20	5,80,000	5.80
c. Under ESOS, 2013; 0.1 million equity share with face value of Rs. 10 each, at an exercise price of Rs. 300 per share (refer note 46)	1,00,000	1.00	1,00,000	1.00
d. Under ESOS, 2013; 0.84 million equity share with face value of Rs. 10 each, at an exercise price of Rs. 522 per share (refer note 46)	8,40,000	8.40	-	-
e. Under ESOS, 2013; 0.24 million equity share with face value of Rs. 10 each, at an exercise price of Rs. 522 per share (refer note 46)	2,40,000	2.40	-	-
f. Under ESOS, 2013; 0.23 million equity share with face value of Rs. 10 each, at an exercise price of Rs. 522 per share (refer note 46)	2,30,000	2.30	-	-
Total	29,30,000	29.30	22,80,000	22.80

Rs. in million

Note 15 - Other Equity	Note	March 31, 2019	March 31, 2018
Capital reserve	(i)	12.92	12.92
Securities premium	(ii)	840.37	840.37
Share options outstanding account	(iii)	153.02	163.04
General reserve	(iv)	1,395.90	1,354.98
Foreign currency monetary item translation reserve	(v)	67.22	28.53
Retained earnings	(vi)	13,497.12	9,897.33
Total		15,966.55	12,297.17

Notes to the financial statements

(continued) For the year ended March 31, 2019

Rs. in million

Note to other equity	March 31, 2019	March 31, 2018
i. Capital reserve		
Balance as at the beginning and end of the year	12.92	12.92
ii. Securities premium		
Balance as at the beginning and end of the year	840.37	840.37
iii. Share options outstanding account		
Balance as at the beginning of the year	163.04	139.04
Equity contribution in the nature of employee stock options issued to employees of subsidiary	39.10	22.51
Employee share - based expense recognised in statement of profit and loss	13.77	11.88
Options forfeited, transferred to general reserve	(62.89)	(10.39)
Balance as at the end of the year	153.02	163.04
iv. General reserve		
Balance as at the beginning of the year	1,354.98	1,344.59
Options forfeited, transferred from share options outstanding account	62.89	10.39
Income tax on above items	(21.97)	-
Balance as at end of the year	1,395.90	1,354.98
v. Foreign currency monetary item translation reserve		
Balance as at the beginning of the year	28.53	19.23
Gains on foreign exchange fluctuation on long term monetary items during the year (net)	55.75	3.21
Reclassified to statement of profit and loss during the year	(19.83)	11.24
Income tax on above items	2.77	(5.15)
Balance as at the end of the year	67.22	28.53
vi. Retained earnings		
Balance as at the beginning of the year	9,897.33	8,104.45
Revenue recognised in retained earnings due to transition to Ind AS 115 (refer note 47)	2,656.97	-
Income tax on above item (refer note 47)	(928.45)	-
Profit for the year	2,836.54	2,427.68
Items of other comprehensive income recognised directly in retained earnings	1.09	10.09
Dividend (including dividend distribution tax) (refer note below)	(966.36)	(644.89)
Balance as at the end of the year	13,497.12	9,897.33
Total	15,966.55	12,297.17

The following dividends were declared and paid by the Company during the year:

Rs. in million

Particulars	March 31, 2019	March 31, 2018
Interim dividend on equity Shares	(452.13)	(271.28)
Dividend distribution tax on above	(92.94)	(47.10)
Final dividend on equity shares*	(361.70)	(271.28)
Dividend distribution tax on above	(59.59)	(55.23)
Total	(966.36)	(644.89)

* Final dividend paid during the year ended March 31, 2019 is related to dividend proposed during the year ended March 31, 2018.

After the reporting dates the following dividend (excluding dividend distribution tax) were proposed by the directors subject to approval at the annual general meeting; the dividends have not been recognised as liabilities. Dividends would attract dividend distribution tax when declared or paid.

Rs. in million

Particulars	March 31, 2019	March 31, 2018
Re. 1 per equity share (March 31, 2018 : Rs. 2 per equity share.)	180.85	361.70

Notes to the financial statements

(continued) For the year ended March 31, 2019

Nature and purpose of other reserves

Capital reserve

Capital reserve was created in the past on account of amalgamation of companies prior to 2001.

Securities premium

Securities premium is used to record the premium on issue of shares. The same is utilised in accordance with the provisions of the Act.

Share options outstanding account

The Company has established equity-settled share-based payment plans for certain categories of employees of the group. Refer note 46 for further details of these plans.

General Reserve

The General Reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

Foreign currency monetary item translation reserve ('FCMITR')

FCMITR is created on transfer of exchange differences related to long term monetary items which were not related to purchase of property, plant and equipment and intangible assets. This reserve is amortised over the remaining life of the long term monetary item and is transferred to the statement of profit and loss.

	Rs. in million	
Note 16 - Non-current borrowings	March 31, 2019	March 31, 2018
Secured		
Term loans:		
Indian currency loans from banks	4,029.05	4,815.12
Indian currency loans from others	1,610.06	-
Foreign currency loans from banks	1,192.88	1,114.51
Vehicle loans	48.34	55.69
	6,880.33	5,985.32
Less: Current maturities of term loans (refer note 22)	(2,366.13)	(1,830.71)
Less: Current maturities of vehicle loans (refer note 22)	(16.34)	(19.00)
Less: Transaction cost attributable to the borrowings	(74.01)	(59.77)
Total	4,423.85	4,075.84

Notes to the financial statements

(continued) For the year ended March 31, 2019

a) Statement of principal terms of secured term loans outstanding as on March 31, 2019

Nature of Facility	Repayment Terms	Rate of Interest % (Per Annum)	Currency	Amount Outstanding (Rs. in million)	Security
Term Loan	48 monthly installments from March 2017.	1 Y MCLR + 1.80%	INR	119.77	As per Note No. 1
Term Loan	48 monthly installments from August 2016.	1 Y MCLR + 1.80%	INR	247.60	As per Note No. 1
Term Loan	48 monthly installments from July 2017.	1 Y MCLR + 1.80%	INR	561.10	As per Note No. 1
Term Loan	48 monthly installments from March 2019.	1 year Libor+ 2.93%	USD	612.32	As per Note No. 1
Term Loan	48 monthly installments from March 2019.	1 Y MCLR + 1.50%	INR	385.39	As per Note No. 1
Term Loan	48 monthly installments from September 2016.	1 year MCLR+1.60%	INR	177.60	As per Note No. 1
Term Loan	17 quarterly installments from October 2016	1 year MCLR+1.60%	INR	350.00	As per Note No. 1
Term Loan	48 monthly installments from February 2018	1 year MCLR+1.60%	INR	354.18	As per Note No. 1
Term Loan	48 monthly installments from February 2018	1 year MCLR+1.60%	INR	354.18	As per Note No. 1
Term Loan	48 monthly installments from June 2018	1 year MCLR+1.00%	INR	53.06	As per Note No. 1
Term Loan	16 equal quarterly installments from March 2016	6M Libor+2.87%	USD	105.56	As per Note No. 1
Term Loan	16 equal quarterly installments from July 2016	1 year MCLR+1.80%	INR	88.67	As per Note No. 1
Term Loan	16 equal quarterly installments from August 2016	6M Libor+ 3.35%	USD	211.11	As per Note No. 1
Term Loan	16 equal quarterly installments from May 2018	6M Libor+ 3.00%	USD	263.89	As per Note No. 1
Term Loan	16 equal quarterly installments from April 2018	LTMR+50 bps	INR	850.00	As per Note No. 1
Term Loan	16 equal quarterly installments from April 2019	LTMR+50 bps	INR	487.50	As per Note No. 1
Term Loan	28 quarterly bolloning installment from April 2019	LTRR-7.00%	INR	787.20	As per Note No. 2
Term Loan	15 equal quarterly installments from July 2018	1 year MCLR+1.25%	INR	480.00	As per Note No. 2
Term Loan	14 equal quarterly installments from October 2018	1 year MCLR+1.25%	INR	342.86	As per Note No. 2
Vehicle Loan	Monthly installments starting from Aug 2014 and ending on Feb 2024	8.50% to 10.50%	INR	48.34	As per Note No. 3
	Total			6,880.33	

Note 1

1. First pari passu (registered mortgage) charge over the immovable fixed assets situated at

- Plot No. P-2, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057
- Plot No. D-24 in the MIDC, Kurkumbh Industrial Area, Daund, Pune – 413 802
- Plot No. D-24/1, MIDC, Kurkumbh Industrial Area, Daund, Pune - 413 802;

2. First pari passu (hypothecation) charge over all the movable properties situated at:

- Plot No. P-1, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057
- Plot No. P-2, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057
- Plot No. D-24 in the MIDC, Kurkumbh Industrial Area, Daund, Pune – 413 802
- Plot No. D-24/1, MIDC, Kurkumbh Industrial Area, Daund, Pune - 413 802

3. First pari passu charge on intangible assets of the company.

4. Second pari passu (hypothecation) charge on current assets of the Company.

Note 2

The following security has been created for the facilities.

Exclusive first charge on :

- Exclusive Charge on immovable and movable fixed assets situated at Plot No. SM-14, Sanand Industrial Estate, Gujarat
- Exclusive Charge on immovable and movable fixed assets situated at Plot No. SM-15 & 16/1, Sanand Industrial Estate, Gujarat
- Exclusive Charge on movable fixed assets situated at Arihant School, of Pharmacy & Bio Research Institute, Adalaj, SG Highway, Dist.: Gandhinagar, Gujarat.

Note 3

Secured by vehicles for which loan is availed.

Information about the Company's exposure to interest rate, foreign currency and liquidity risk is included in note 38.

Notes to the financial statements

(continued) For the year ended March 31, 2019

b) Statement of principal terms of secured term loans outstanding as on March 31, 2018

Nature of Facility	Repayment Terms	Rate of Interest % (Per Annum)	Currency	Amount Outstanding (Rs. in million)	Security
Term Loan	48 monthly installments from March 2017.	1 Y MCLR + 1.80%	INR	182.27	As per note no. 1
Term Loan	48 monthly installments from August 2016.	1 Y MCLR + 1.80%	INR	436.00	As per note no. 1
Term Loan	48 monthly installments from July 2017.	1 Y MCLR + 1.80%	INR	811.90	As per note no. 1
Term Loan	48 monthly installments from March 2019.	1 Y MCLR + 1.50%	INR	354.40	As per note no. 1
Term Loan	20 equal monthly installment from June 2018.	1 Y MCLR + 1.25%	INR	200.00	As per Note No. 2
Term Loan	15 quarterly installments from April 2015.	1 year Libor+1.75%	USD	101.12	As per note no. 1
Term Loan	23 monthly installments from September 2016.	1 year MCLR+1.60%	INR	26.65	As per note no. 1
Term Loan	48 monthly installments from September 2016.	1 year MCLR+1.60%	INR	302.40	As per note no. 1
Term Loan	17 quarterly installments from October 2016	1 year MCLR+1.60%	INR	550.00	As per note no. 1
Term Loan	48 monthly installments from February 2018	1 year MCLR+1.60%	INR	479.17	As per note no. 1
Term Loan	48 monthly installments from February 2018	1 year MCLR+1.60%	INR	479.17	As per note no. 1
Term Loan	10 half yearly equal installments from March 2014.	3M Libor+3.50%	USD	68.43	As per note no. 1
Term Loan	48 monthly installments from June 2018	1 year MCLR+1.00%	INR	90.56	As per note no. 1
Term Loan	16 equal quarterly installments from March 2016	6M Libor+2.87%	USD	228.10	As per note no. 1
Term Loan	16 equal quarterly installments from July 2016	1 year MCLR+1.80%	INR	159.59	As per note no. 1
Term Loan	16 equal quarterly installments from August 2016	6M Libor+ 3.35%	USD	391.02	As per note no. 1
Term Loan	16 equal quarterly installments from May 2018	6M Libor+ 3.00%	USD	325.85	As per note no. 1
Term Loan	16 equal quarterly installments from April 2018	LTMR+50 bps	INR	743.00	As per note no. 1
Vehicle Loan	Monthly installments starting from April 2013 and ending on October 2022	9.35% to 12%	INR	55.69	As per Note No. 3
	Total			5,985.32	

Note 1

- First pari passu (registered mortgage) charge over the immovable fixed assets situated at**
 - Plot No. P-2, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057
 - Plot No. D-24 in the MIDC, Kurkumbh Industrial Area, Daund, Pune – 413 802
 - Plot No. D-24/1, MIDC, Kurkumbh Industrial Area, Daund, Pune - 413 802;
- First pari passu (hypothecation) charge over all the movable properties situated at:**
 - Plot No. P-1, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057
 - Plot No. P-2, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057
 - Plot No. D-24 in the MIDC, Kurkumbh Industrial Area, Daund, Pune – 413 802
 - Plot No. D-24/1, MIDC, Kurkumbh Industrial Area, Daund, Pune - 413 802
- First pari passu charge on intangible assets of the company.**

4. Second pari passu (hypothecation) charge on current assets of the Company.

Note 2

“The following security has been created for the facilities.

Exclusive first charge on :”

- Exclusive Charge on immovable and movable fixed assets situated at Plot No. SM-14, Sanand Industrial Estate, Gujarat
- Exclusive Charge on immovable and movable fixed assets situated at Plot No. SM-15 & 16/1, Sanand Industrial Estate, Gujarat
- Exclusive Charge on movable fixed assets situated at Arihant School, of Pharmacy & Bio Research Institute, Adalaj, SG Highway, Dist.: Gandhinagar, Gujarat.

Note 3

Secured by vehicles for which loan is availed.

Information about the Company's exposure to interest rate, foreign currency and liquidity risk is included in note 38.

Notes to the financial statements

(continued) For the year ended March 31, 2019

Rs. in million

Note 17 - Other non-current financial liabilities	March 31, 2019	March 31, 2018
Trade deposits (refer note below)	91.88	94.41
Financial guarantee obligations	52.31	72.56
Other deposits (refer note 44)	16.34	13.95
Total	160.53	180.92

Note: Includes deposit from firm in which directors of the Company are interested - Rs. 10.00 million (March 31, 2018 - Rs. 10.00 million).

Rs. in million

Note 18 - Non-current provisions	March 31, 2019	March 31, 2018
Provision for employee benefits		
Provision for compensated absences	138.19	123.57
Provision for sales returns and breakage expiry (refer note 23)	118.17	115.73
Total	256.36	239.30

Rs. in million

Note 19 - Other non-current liabilities	March 31, 2019	March 31, 2018
Deferred government grant (refer note 41B and note 55)	2.63	11.09
Total	2.63	11.09

Rs. in million

Note 20 - Current borrowings	March 31, 2019	March 31, 2018
Secured		
Cash credit facilities / bank overdraft repayable on demand from banks	2,441.41	3,107.70
Working capital loans from banks	3,000.00	2,012.38
Less: Transaction cost attributable to the borrowings	(8.66)	(16.20)
Total	5,432.75	5,103.88

Notes:

- Borrowings from banks are secured by hypothecation of inventories, book debts and receivables. (refer note 48)
- The Cash credit facilities / bank overdraft facilities are repayable on demand and working capital loans are repayable within a year, with a range of interest for foreign currency loans of LIBOR+150 bps to LIBOR+287 bps and for Rupee loans 8.45% p.a. to 10.85% p.a. (March 31, 2018: foreign currency loans of LIBOR+156 bps to LIBOR+446 bps and for Rupee loans 8.60% p.a. to 10.30% p.a.)

Rs. in million

Note 21 - Trade payables	March 31, 2019	March 31, 2018
Trade payables to related parties (refer note 44)	114.54	20.21
Other trade payables		
Total outstanding dues of micro and small enterprises (refer note 53)	5.43	-
Total outstanding dues of creditors other than micro and small enterprises	3,115.27	3,414.56
Total	3,235.24	3,434.77

All trade payables are current.

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 38.

Notes to the financial statements

(continued) For the year ended March 31, 2019

Rs. in million

Note 22 - Other current financial liabilities	March 31, 2019	March 31, 2018
Current maturities of term loans (refer note 16)	2,366.13	1,830.71
Current maturities of vehicle loans (refer note 16)	16.34	19.00
Interest accrued but not due on borrowings	20.17	26.45
Interest accrued and due on trade deposits (refer note below)	1.70	1.80
Employee benefits payable	886.74	844.22
Creditors for capital assets	244.22	572.61
Financial guarantee obligations	20.25	20.25
Other payables	17.48	64.98
Total	3,573.03	3,380.02

Note : Includes Interest accrued and due on deposit from a firm in which directors of the Company are interested - Rs. 0.17 million (March 31, 2018 - Rs. 0.17 million,).

Rs. in million

Note 23 - Current provisions	March 31, 2019	March 31, 2018
Provision for employee benefits		
Provision for compensated absences	85.59	77.28
Provision for gratuity (refer note 45)	72.14	71.87
Provision for sales returns and breakage expiry	190.16	160.51
Total	347.89	309.66

i) Information about provisions and significant estimates:

Sales returns and breakage expiry

When a customer has a right to return the product within a given period, the company has recognised a provision for returns. The provision is measured equal to the value of the sales expected to return in the future period. Revenue is adjusted for the expected value of the returns and cost of sales are adjusted for the value of the corresponding goods to be returned.

The Company has a constructive obligation to replace the goods which will expire. The Company has recognised a provision for the returns due to expiry. The provision is measured on the basis of historical trend of expiry against the sales occurred in the current and earlier period. Management considers the sales value for the periods which are equivalent to average general shelf life of products. Revenue is adjusted for the expected value of the returns.

Significant estimates

The company has constructive obligation to accept the returns and expired products after sales to customers. Management estimates the related provision for future expected returns based on historical information as well as recent trends and change in business conditions that might suggest that past information may differ from future claims. The assumptions made in relation to the current period are consistent with those in the prior years. Factors that could impact the estimated return include pattern of return and success of new products launched, Company's marketing initiatives, shelf life of products. Where the expected value of returns and expiry changes by 5% from the management's estimate, the provisions for return and expiry will be higher or lower by Rs. 15.42 million (March 31, 2018 - Rs. 13.88 million).

iii) Movement in provision for sales return and breakage expiry :

Rs. in million

Particulars	March 31, 2019	March 31, 2018
Beginning of the year	276.24	280.33
Provisions made during the year	837.47	505.22
Provisions utilised during the year	(805.38)	(509.31)
At the end of the year	308.33	276.24

Rs. in million

Note 24 - Other current liabilities	March 31, 2019	March 31, 2018
Statutory dues including provident fund and tax deducted at source	94.43	87.07
Contract liabilities (advances from customers)	45.78	98.65
Deferred government grant (refer note 41B and note 55)	2.63	11.09
Other liabilities	-	3.13
Total	142.84	199.94

Notes to the financial statements

(continued) For the year ended March 31, 2019

Rs. in million

Note 25 - Revenue from operations	March 31, 2019	March 31, 2018
Sale of products (including excise duty)	24,043.92	22,068.77
Sale of services	23.41	114.12
Other operating revenue		
Income arising from government grant (refer note 55)	19.23	26.25
Export incentives	358.08	136.70
Scrap sales	53.23	35.32
Excise / GST refund received (refer note 54)	39.16	111.22
Total revenue from operations	24,537.03	22,492.38

Rs. in million

Note 26 - Other income	March 31, 2019	March 31, 2018
Interest income under the effective interest method from:		
Banks and others	10.24	7.77
Intercorporate loans	48.52	42.10
Dividend received from subsidiary	71.82	39.90
Miscellaneous income	393.54	151.61
Gains on foreign exchange fluctuation (net)	364.39	275.49
Income on amortisation of financial guarantee liability (refer note 44)	20.25	93.10
Total	908.76	609.97

Rs. in million

Note 27 - Cost of material consumed	March 31, 2019	March 31, 2018
A: Raw material consumed		
Opening inventory	1,681.38	1,858.30
Add : Purchases (net)	4,940.33	2,862.99
	6,621.71	4,721.29
Less: Closing inventory	1,982.65	1,681.38
Cost of raw materials consumed during the year	4,639.06	3,039.91
B: Packing material consumed		
Opening inventory	439.82	393.15
Add : Purchases (net)	699.50	716.27
	1,139.32	1,109.42
Less: Closing inventory	443.04	439.82
Cost of packing materials consumed during the year	696.28	669.60
Total (A+B)	5,335.34	3,709.51

Notes to the financial statements

(continued) For the year ended March 31, 2019

Rs. in million

Note 28 - Changes in inventories of finished goods, work-in-progress and stock in trade	March 31, 2019	March 31, 2018
Opening inventory		
Work-in-process	656.92	501.19
Finished goods	864.83	1,096.14
Stock in trade	959.48	1,487.26
	2,481.23	3,084.59
Less: Closing inventory		
Work-in-process	882.29	656.92
Finished goods	723.84	864.83
Stock in trade	727.97	959.48
	2,334.10	2,481.23
Changes in inventories of finished goods, work-in-progress and stock in trade	147.13	603.36

Rs. in million

Note 29 - Employee benefit expenses	March 31, 2019	March 31, 2018
Salaries, wages and bonus	4,598.32	4,315.10
Contribution to provident and other funds (refer note 45)	235.50	226.67
Gratuity (refer note 45)	75.79	69.94
Employee share-based payment (refer note 46)	13.77	11.88
Staff welfare expenses	237.99	217.73
Total	5,161.37	4,841.32

Rs. in million

Note 30 - Other expenses	March 31, 2019	March 31, 2018
Processing charges	211.52	201.55
Factory consumables	1,090.18	1,101.85
Power and fuel	614.42	584.51
Insurance	41.07	43.42
Repairs and maintenance	321.21	302.01
Rent	128.25	123.88
Rates and taxes	43.52	63.79
Freight	207.93	191.32
Advertisement and promotional materials	1,334.39	1,323.90
Travelling and conveyance	791.11	744.37
Commission on sales	235.28	223.91
Printing and stationery	65.62	74.76
Legal and professional fees	368.00	384.49
Contractual services	248.82	291.00
Payment to auditors (refer note below)	9.54	5.17
Commission to non executive directors	9.90	21.10
Directors sitting fees	0.82	1.02
Provision for doubtful debts	43.67	35.71
Loss on sale of property, plant and equipment	7.83	12.17
Bad debts written off	9.84	108.06
Expenditure towards corporate social responsibility (refer note 56)	61.97	49.78
Miscellaneous expenses	378.70	322.66
Total	6,223.59	6,210.43

Notes to the financial statements

(continued) For the year ended March 31, 2019

Note - Payment to auditors:

Rs. in million

Particulars	March 31, 2019	March 31, 2018
Audit fees	4.80	4.80
Other services	4.20	-
Out of pocket expenses	0.54	0.37
Total	9.54	5.17

Note:

1) Payment to auditors includes Rs. Nil (March 31, 2018 - Rs. 0.37 million) paid to erstwhile auditors.

2) Payment to auditors of Rs. 2.20 million for other services and Rs. 0.17 million for out of pocket expenses is reimbursed by the subsidiary of the Company and hence is not included above.

Rs. in million

Note 31 - Depreciation and amortisation expense	March 31, 2019	March 31, 2018
Depreciation on property, plant and equipment	1,090.69	1,010.76
Amortisation of intangible assets	207.71	188.93
Total	1,298.40	1,199.69

Rs. in million

Note 32 - Finance cost	March 31, 2019	March 31, 2018
Interest on long-term borrowings measured at amortised cost	639.28	465.97
Interest on short-term borrowings measured at amortised cost	378.08	318.19
Interest on shortfall of advance income tax	9.11	21.54
Other borrowing costs	169.43	74.78
Exchange differences to the extent regarded as an adjustment to borrowing costs	70.64	-
Total	1,266.54	880.48

Rs. in million

Note 33 - Exceptional items	March 31, 2019	March 31, 2018
Consultancy fees (refer note below)	349.55	381.36
Total	349.55	381.36

Note : The Company received a warning letter dated March 3, 2016 in respect of its manufacturing location in Pune. The Company's products are under an ongoing 'import alert' from the Food and Drug Administration of the USA ('US FDA'). Management has taken the necessary corrective actions based on the audit conducted by US FDA with the last response sent on 11th July 2019.

The Company has also engaged external consultants as a part of remediation action. Professional fees paid amounting to Rs. 349.55 million (March 31, 2018 - Rs. 381.36 million) to external consultant has been classified as an exceptional item.

Rs. in million

Note 34 - Tax expenses recognised in statement of profit and loss	March 31, 2019	March 31, 2018
Current tax		
Current tax on profits for the year	913.51	871.06
Change in estimate related to prior years	-	45.73
Total current tax expense	913.51	916.79
Deferred tax		
Originating and reversal of temporary differences	(30.52)	(46.09)
Change in tax rate	-	5.56
Changes in recognised temporary differences of earlier years	(21.18)	120.52
Total deferred tax expense/(benefit)	(51.70)	79.99
Total	861.81	996.78

Notes to the financial statements

(continued) For the year ended March 31, 2019

Rs. in million

Tax (expenses)/income recognised in other comprehensive income	March 31, 2019	March 31, 2018
Remeasurements of post-employment benefit obligations	(0.58)	(5.41)
Total	(0.58)	(5.41)

Rs. in million

Tax expense recognised in other equity	March 31, 2019	March 31, 2018
Foreign currency monetary item translation reserve	2.77	(5.15)
Retained earnings	(928.45)	-
General Reserve	(21.97)	-
Total	(947.65)	(5.15)

Rs. in million

Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:	March 31, 2019		March 31, 2018	
	%	Amount	%	Amount
Profit before tax expense		3,698.35		3,424.46
Tax using the Company's domestic tax rate of 34.94% (March 31, 2018 — 34.61%)	34.94%	1,292.35	34.61%	1,185.14
<i>Tax effect of amounts which are not (deductible) / taxable in calculating taxable income:</i>				
Weighted deduction on research and development expenditure	-5.31%	(196.31)	-5.94%	(203.55)
Non taxable income	-0.68%	(25.10)	-0.40%	(13.81)
Non deductible expenses	0.69%	25.65	0.64%	21.90
Additional allowances for tax purpose	-5.72%	(211.62)	-4.90%	(167.95)
Change in estimate related to prior years	0.00%	-	1.34%	45.73
Change in tax rate	0.00%	-	0.16%	5.56
Changes in recognised temporary differences of earlier years	-0.57%	(21.18)	3.52%	120.52
Other items	-0.05%	(1.98)	0.09%	3.24
Effective tax rate	23.30%	861.81	29.12%	996.78

Notes to the financial statements

(continued) For the year ended March 31, 2019

Rs. in million

Note 35 - Deferred tax assets/(liabilities) - net	March 31, 2019	March 31, 2019
Deferred tax assets on:		
Allowance for doubtful debts - trade receivables	59.45	44.19
Provision - employee benefit	116.25	113.49
Financial guarantee liability	25.36	32.43
Deferred government grant	1.84	7.75
Minimum alternate tax credit entitlement	141.60	1,199.90
Loans to subsidiaries	14.45	19.02
Total deferred tax assets	358.95	1,416.78
Deferred tax liabilities on:		
Property, plant and equipment	625.35	655.70
Intangible assets	153.12	138.76
Foreign currency monetary translation reserve	-	15.33
Investment in preference shares of subsidiary	4.45	0.61
Total deferred tax liabilities	782.90	810.40
Deferred tax asset/(liability) - net	(423.97)	606.38

Significant estimates

In assessing the realisability of the minimum alternate tax (MAT) credit entitlements, management has assessed the utilisation of the MAT credit entitlement. The ultimate utilisation of the MAT credit is dependent upon the generation of future taxable income greater than the book profit computed as per the provisions of Income Tax Act, 1961, before expiry of the credit period over which the MAT credit can be utilised. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategy in making the assessment. Based on the historical details of the taxable income, book profit and projections of future taxable income over the periods in which the MAT credit is available, management believes that the Company will be able to realise / utilise the MAT credit. The amount of the MAT credit is considered realisable as at the reporting date, however, the utilisation could be reduced in the near term if the future taxable income undergoes any change as compared to the estimates made by the management as at reporting date.

Rs. in million

Movement of Deferred tax assets / liabilities	Balance of deferred tax assets as at April 1, 2018	Balance of deferred tax liability as at April 1, 2018	Net deferred tax assets/(liabilities) as at April 1, 2018	Transferred to statement of profit and loss	Transferred to Other comprehensive income	Others	Balance of deferred tax asset as at March 31, 2019	Balance of deferred tax liability as at March 31, 2019	Net deferred tax assets/(liabilities) as at March 31, 2019
Allowance for doubtful debts - trade receivables	44.19	-	44.19	15.26	-	-	59.45	-	59.45
Provision - Employee benefit	113.49	-	113.49	3.35	(0.58)	-	116.25	-	116.24
Financial guarantee liability	32.43	-	32.43	(7.08)	-	-	25.37	-	25.37
Deferred government grant	7.75	-	7.75	(5.91)	-	-	1.84	-	1.84
Minimum alternate tax credit entitlement	1,199.90	-	1,199.90	38.50	-	(1,096.82)	141.58	-	141.60
Loans to subsidiaries	19.02	-	19.02	(4.57)	-	-	14.45	-	14.45
Investment in preference shares of subsidiary	-	(0.61)	(0.61)	(3.84)	-	-	-	(4.45)	(4.45)
Property, Plant and Equipment	-	(655.70)	(655.70)	30.35	-	-	-	(625.33)	(625.35)
Intangible assets	-	(138.76)	(138.76)	(14.36)	-	-	-	(153.12)	(153.12)
Foreign currency monetary translation reserve	-	(15.33)	(15.33)	-	-	15.33	-	-	-
Total	1,416.78	(810.40)	606.38	51.70	(0.58)	(1,081.47)	358.95	(782.92)	(423.97)

Notes to the financial statements

(continued) For the year ended March 31, 2019

Rs. in million

Movement of Deferred tax assets / liabilities	Balance of deferred tax assets as at April 1, 2017	Balance of deferred tax liability as at April 1, 2017	Net deferred tax assets/ (liabilities) as at April 1, 2017	Transferred to statement of profit and loss	Transferred to Other comprehensive income	Others	Balance of deferred tax asset as at March 31, 2018	Balance of deferred tax liability as at March 31, 2018	Net deferred tax assets/ (liabilities) as at March 31, 2018
Allowance for doubtful debts - trade receivables	31.40	-	31.40	12.79	-	-	44.19	-	44.19
Provision - Employee benefit	91.05	-	91.05	27.85	(5.41)	-	113.49	-	113.49
Financial guarantee liability	64.34	-	64.34	(31.91)	-	-	32.43	-	32.43
Deferred government grant	8.11	-	8.11	(0.36)	-	-	7.75	-	7.75
Minimum alternate tax credit entitlement	1,558.31	-	1,558.31	(158.44)	-	(199.97)	1,199.90	-	1,199.90
Loans to subsidiaries	20.45	-	20.45	(1.43)	-	-	19.02	-	19.02
Investment in preference shares of subsidiary	0.02	-	0.02	(0.63)	-	-	-	(0.61)	(0.61)
Property, Plant and Equipment	-	(764.00)	(764.00)	108.30	-	-	-	(655.70)	(655.70)
Intangible assets	-	(127.44)	(127.44)	(11.32)	-	-	-	(138.76)	(138.76)
Foreign currency monetary translation reserve	-	(10.18)	(10.18)	-	-	(5.15)	-	(15.33)	(15.33)
Provision for bonus	24.84	-	24.84	(24.84)	-	-	-	-	-
Total	1,798.52	(901.62)	896.90	(79.99)	(5.41)	(205.12)	1,416.78	(810.40)	606.38

Rs. in million

Note 36 - Current tax assets/(liabilities) (net)	March 31, 2019	March 31, 2018
Current tax assets (net of provision)	332.77	115.44
Current tax liability (net of advance tax)	(1.51)	(249.89)
Current Tax assets/(liabilities) (net)	331.26	(134.45)

Note 37 : Capital management

The company's objectives when managing capital are to

- Safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholder's and benefits for other stakeholder's, and

- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Generally consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents and other bank balances)

Divided by

Total equity (as shown in the balance sheet).

The Company's strategy is to maintain a gearing ratio less than 1.50x. The gearing ratio at year end is as follows:

Rs. in million

Particulars	March 31, 2019	March 31, 2018
Net debt (as defined above)	12,032.53	10,560.25
Total equity	17,775.08	14,105.69
Gearing ratio	0.68	0.75

Notes to the financial statements

(continued) For the year ended March 31, 2019

Note 38 : Financial risk management

The Company is exposed to a variety of financial risks which results from the Company's operating and investing activities. The Company's risk management is carried out by central treasury department under guidance of the board of directors and the core management team of the Company, and it focuses on actively ensuring the minimal impact of Company's financial position.

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

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, other financial assets measured at amortised cost.	Ageing analysis credit ratings	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other financial liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee (Rs.)	Cash flow forecasting Sensitivity analysis	Effective management of foreign exchange outflow and inflow. Borrowing in foreign currency to fulfil foreign currency obligation
Market risk - interest rate	Borrowings at variable rates	Sensitivity analysis	Ongoing review of existing borrowing rates and seeking for new facilities at lower rate.

A) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and other financial assets. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables.

Other financial assets that are potentially subject to credit risk consists of cash equivalents, inter corporate loans and deposits.

Further, the Company also recognises loss allowance by using a provision matrix based on historical credit loss experience wherein fixed provision rates are defined for each financial asset which is past due / not due. The Company depending on the diversity of its asset base, uses appropriate groupings if the historical credit loss experience shows significant different loss patterns for different customer segments / financial assets.

Also, the Company limits its exposure to credit risk from receivables by establishing a maximum payment period for customers.

The Company considers the recoverability from financial assets on regular intervals so that such financial assets are received within the due dates.

The Company has exposure to credit risk which is limited to carrying amount of financial assets recognised at the date of Balance sheet

Trade receivables

Trade receivables are usually due within 7-180 days. Generally, and by practice significant domestic customers enjoy a credit period of approximately 7-45 days and for export customers, the credit period ranges from 30 to 180 days. The receivables are not interest bearing, which is the normal industry practice. All trade receivables are subject to credit risk exposure except for receivables from government agencies and related parties. However, the Company does not identify specific concentration of credit risk with regard to trade receivables, as the amounts recognized represent a large number of receivables from various customers. Further, majority of the receivables pertains to receivables from Subsidiaries, wherein the concentration of credit risk is considered to be low. Certain receivables are also backed by letter of credit from the banks, resulting into negligible credit risk in recovery of such receivables.

The Company uses a provision matrix (simplified approach) to measure the expected credit loss of trade receivables and other financial assets measured at amortised cost.

Year ended March 31, 2019:

Expected credit loss for trade receivables under simplified approach

Rs in Millions

Ageing	Not Due	0-90 days past due	91-180 days past due	181-270 days past due	271-360 days past due	More than 360 days past due	Total
Gross carrying amount	3,109.57	2,398.94	1,425.32	1,116.15	773.58	447.68	9,271.24
Expected loss rate (includes interest as well as credit loss)	-0.16%	-0.14%	-0.28%	-0.14%	-3.09%	-29.52%	-1.83%
Expected credit losses (loss allowance provision)	(5.01)	(3.47)	(3.99)	(1.60)	(23.90)	(132.15)	(170.12)
Carrying amount of trade receivables (net of loss allowance)	3,104.56	2,395.47	1,421.33	1,114.55	749.68	315.53	9,101.12

Notes to the financial statements

(continued) For the year ended March 31, 2019

Year ended March 31, 2018:

Expected credit loss for trade receivables under simplified approach

Rs in Million

Ageing	Not Due	0-90 days past due	91-180 days past due	181-270 days past due	271-360 days past due	More than 360 days past due	Total
Gross carrying amount	3,463.57	1,209.87	507.92	87.09	46.54	133.17	5,448.16
Expected loss rate (includes interest as well as credit loss)	-0.99%	-1.20%	-1.28%	-1.38%	-5.07%	-50.71%	-2.32%
Expected credit losses (loss allowance provision)	(34.35)	(14.51)	(6.50)	(1.20)	(2.36)	(67.53)	(126.45)
Carrying amount of trade receivables (net of loss allowance)	3,429.22	1,195.36	501.42	85.89	44.18	65.64	5,321.71

During the period, the Company has made write-offs of trade receivables amount to Rs. 9.84 million (March 31, 2018 — Rs. 108.06 million). There are no financial assets which have been written off during the year which are subject to enforcement activity.

ii) Reconciliation of loss allowance provision — Trade receivables

Rs. in million

Particulars	Amount
Loss allowance on April 1, 2017	90.74
Amounts written off	(108.06)
Net remeasurement of loss allowances	143.77
Loss allowance on March 31, 2018	126.45
Amounts written off	(9.84)
Net remeasurement of loss allowances	53.51
Loss allowance on March 31, 2019	170.12

Cash and cash equivalents and deposits with banks:

With respect to the cash and cash equivalents and deposits with banks, the concentration of credit risk is negligible as these are kept with the reputed banks with very high credit worthiness.

B) Liquidity risk

Liquidity risk management implies maintaining sufficient cash and availability of funds through adequate amount of committed credit facility to meet the commitments arising out of financial liabilities. Due to the dynamic nature of the underlying business, Company maintains flexibility in funding by maintaining availability under committed credit lines. In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet future requirements, monitoring balance sheet liquidity ratios against debt covenants and maintaining debt financing plans and ensuring compliance with regulatory requirements. The Company manages its liquidity needs by carefully monitoring scheduled debt payments as well as cash requirement for day-to-day business. Liquidity needs are monitored regularly as well as on the basis of a 30-day cash flow projection. Long-term liquidity needs for a period from 180 to 360 days period are identified and reviewed at regular intervals.

The Company maintains cash and marketable securities to meet its liquidity requirements. Funding in regards to long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

i) Financing arrangements

The Company has access to undrawn borrowing facilities including overdraft facility at the end of the reporting period.

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice subject to the continuance of satisfactory credit ratings.

ii) Maturities of financial liabilities

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

Notes to the financial statements

(continued) For the year ended March 31, 2019

Rs. in million

Contractual maturities of financial liabilities	within 1 year	1 to 2 years	2 to 5 years	Total
March 31 2019				
Trade payable	3,235.24	-	-	3,235.24
Current borrowings	5,432.75	-	-	5,432.75
Bank term loans	2,382.48	1,826.39	2,597.45	6,806.32
Trade deposit	-	-	91.88	91.88
Other financial liabilities	1,190.56	20.25	48.40	1,259.21
Total	12,241.03	1,846.64	2,737.73	16,825.40
March 31 2018				
Trade payable	3,434.77	-	-	3,434.77
Current borrowings	5,103.88	-	-	5,103.88
Bank term loans	1,789.94	2,035.98	2,099.63	5,925.55
Trade deposit	-	-	94.41	94.41
Other financial liabilities	1,530.31	20.25	66.26	1,616.82
Total	11,858.90	2,056.23	2,260.30	16,175.43

C) Market risk

Notes to the financial statements

(continued) For the year ended March 31, 2019

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates 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.

i) Foreign currency risk

The Company operates in international markets and a significant portion of its business is transacted in different currencies and consequently the group is exposed to foreign exchange risk through its sales and services and imported purchase to/from various countries.

The Company's foreign currency exposure is mainly in USD, EURO and GBP. The Company's financial liabilities in foreign currency mainly constitutes of bank loans which are repayable over the period of 5 years and trade payables. With sufficient export receivables, the Company has positive net currency asset base as compared to liabilities. Further, the Company receives foreign currency against its exports receivables on regular basis against which the Company pays its loan and import commitments. The Company has significant amount receivable in foreign currency from its subsidiaries which are generally collected on time. To mitigate the risk arising on account of foreign exchange fluctuation, management closely monitors the cash inflows based on review of expected future movement in foreign currencies.

The bulk of contributions to the Company's assets, liabilities, income and expenses in foreign currency are denominated in USD, Euro, GBP, CAD, AUD and AED. Foreign currency denominated financial assets and liabilities expressed in Rs. as at the closing are as follows:

Foreign currency risk exposure:

Particulars	Currency	Rs. in million			
		Rs. in million		Foreign Currency	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Financial assets					
Receivables (including other receivables)	Euro	2,518.10	1,723.42	31.74	21.46
	USD	2,695.67	1,964.36	38.31	30.14
	GBP	1,481.08	460.80	16.07	5.04
	AED	5.80	3.84	0.30	0.22
	AUD	19.97	-	0.40	-
	CAD	635.05	5.23	12.03	0.10
Loans to subsidiaries	USD	402.60	366.99	5.72	5.63
	AED	204.86	185.69	10.50	10.50
	AUD	11.31	16.28	0.23	0.33
Interest receivable on loans to subsidiaries	USD	88.78	73.70	1.26	1.13
	AED	98.99	72.27	5.07	4.09
	AUD	0.82	0.07	0.02	*
Cash and cash equivalents	USD	175.67	210.17	2.50	3.23
	EURO	1.88	0.46	0.02	0.01
	Others*	0.67	0.12	0.41	0.10
Total		8,341.25	5,083.40	124.58	81.98
Financial liabilities					
Payables (including other payables)	Euro	78.16	238.59	0.99	2.97
	USD	753.93	918.65	10.71	14.09
	GBP	7.05	26.54	0.08	0.29
	AUD	12.18	-	0.24	-
	CAD	0.11	-	*	-
	Others*	-	1.14	-	0.33
Interest Payable on loan	USD	5.06	3.91	0.07	0.06
	GBP	1.41	1.16	0.02	0.01
Loans payable	USD	1,192.88	1,126.90	16.95	17.29
	GBP	552.96	-	6.00	-
Total		2,603.74	2,316.89	35.06	35.04

* Foreign currency of insignificant amount

Notes to the financial statements

(continued) For the year ended March 31, 2019

Sensitivity for significant currencies to which the Company is exposed:

Rs. in million

Particulars	Impact on profit before tax		Impact on foreign currency monetary item translation reserve	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
USD sensitivity				
USD/INR -Increase by 4% (March 31, 2018-4%)*	45.61	34.76	16.17	14.86
USD/INR -Decrease by 4% (March 31, 2018-4%)*	(45.61)	(34.76)	(16.17)	(14.86)
EURO sensitivity				
EURO/INR -Increase by 2% (March 31, 2018-2%)*	48.84	29.63	-	-
EURO/INR -Decrease by 2% (March 31, 2018-2%)*	(48.84)	(29.63)	-	-
GBP sensitivity				
GBP/INR -Increase by 8% (March 31, 2018-8%)*	73.57	34.65	-	-
GBP/INR -Decrease by 8% (March 31, 2018-8%)*	(73.57)	(34.65)	-	-
AED sensitivity				
AED/INR -Increase by 4% (March 31, 2018-4%)*	0.23	-	12.15	10.32
AED/INR -Decrease by 4% (March 31, 2018-4%)*	(0.23)	-	(12.15)	(10.32)

* Holding all other variables constant

ii) Interest rate risk

The Company's main interest rate risk arises from borrowings with variable rates, which exposes the Company to interest rate risk. During March 31, 2019 and March 31, 2018, the Company's borrowings at variable rate were mainly denominated in INR, GBP and USD.

a) Interest rate risk exposure

The Company's interest rate risk arises from borrowings. Borrowings obtained at variable rates expose the Company to interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

As a part of Company's interest risk management policy, treasury department closely tracks the base interest rate movements on regular basis. Based on regular review, management assesses the need to enter into interest rate swaps, contracts to hedge foreign currency risk. Management reviews the future movement in base rate against different factors such as overall micro and macro economic factors, liquidity in the system, expected spending cycle. Further on regular basis management assess the possibility of entering into new facilities which would reduce the future finance cost which helps management to mitigate the risk related to interest rate movement.

All the borrowing except vehicle loan are at floating rate. Refer note no. 16.

b) Sensitivity

The Company's policy is to minimize interest rate cash flow risk exposures on borrowing. The Company has exposure to foreign currency as well as local currency. The local currency loans are linked to bank base rate/ marginal cost of funds based lending (MCLR) whereas foreign currency loans are majorly linked with USD libor linked rates.

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Rs. in million

Particulars	Impact on profit before tax	
	March 31, 2019	March 31, 2018
Interest rates — increase by 25 basis points (25 bps) *	(30.66)	(26.65)
Interest rates — decrease by 25 basis points (25 bps) *	30.66	26.65

* Holding all other variables constant

The bank deposits are placed on fixed rate of interest of approximately 5% to 9%. As the interest rates do not vary unless such deposits are withdrawn and renewed, interest rate risk is considered to be low.

Notes to the financial statements

(continued) For the year ended March 31, 2019

Note 39 : Fair value measurements

A. Accounting classifications and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy.

March 31, 2019

Rs. in million

Particulars	Carrying amounts valued at				Fair value			
	FVTPL	Amortised Cost	Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Investments in preference shares of subsidiary	119.09	-	-	119.09	-	-	119.09	119.09
Financial assets not measured at fair value*								
Investments in Subsidiaries / others	-	-	2,986.62	2,986.62	-	-	-	-
Loans to related parties	-	560.58	-	560.58	-	-	-	-
Security deposits	-	101.97	-	101.97	-	-	-	-
Trade receivables	-	9,101.12	-	9,101.12	-	-	-	-
Interest accrued on loans to related parties	-	205.40	-	205.40	-	-	-	-
Cash and cash equivalents	-	193.45	-	193.45	-	-	-	-
Term deposits with banks	-	95.75	-	95.75	-	-	-	-
Other financial assets	-	315.87	-	315.87	-	-	-	-
Total Financial assets	119.09	10,574.14	2,986.62	13,679.85	-	-	119.09	119.09
Financial liabilities not measured at fair value*								
Long term borrowings (including current maturities)	-	6,806.32	-	6,806.32	-	-	-	-
Short term borrowings	-	5,432.75	-	5,432.75	-	-	-	-
Trade deposits	-	91.88	-	91.88	-	-	-	-
Financial guarantee liabilities	-	72.56	-	72.56	-	-	-	-
Other deposits	-	16.34	-	16.34	-	-	-	-
Trade payables	-	3,235.24	-	3,235.24	-	-	-	-
Creditors for capital assets	-	244.22	-	244.22	-	-	-	-
Other Financial liability	-	926.09	-	926.09	-	-	-	-
Total financial liabilities	-	16,825.40	-	16,825.40	-	-	-	-

* The Company has not disclosed the fair value for financial instruments such as trade receivables, cash and cash equivalents, term deposits with banks, other financial assets and financial liabilities because their carrying amounts are a reasonable approximation of fair value, due to their short-term nature.

Notes to the financial statements

(continued) For the year ended March 31, 2019

March 31, 2018

Rs. in million

Particulars	Carrying amounts valued at				Fair value			
	FVTPL	Amortised Cost	Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Investments in preference shares of subsidiary	102.60	-	-	102.60	-	-	102.60	102.60
Financial assets not measured at fair value*								
Investments in Subsidiaries / others	-	-	2,947.52	2,947.52	-	-	-	-
Loans to related parties	-	474.38	-	474.38	-	-	-	-
Security deposits	-	112.13	-	112.13	-	-	-	-
Trade receivables	-	5,321.71	-	5,321.71	-	-	-	-
Interest accrued on loans to related parties	-	186.19	-	186.19	-	-	-	-
Cash and cash equivalents	-	441.67	-	441.67	-	-	-	-
Term deposits with banks	-	103.47	-	103.47	-	-	-	-
Other financial assets	-	141.01	-	141.01	-	-	-	-
Total Financial assets	102.60	6,780.56	2,947.52	9,830.68	-	-	102.60	102.60
Financial liabilities not measured at fair value*								
Long term borrowings (including current maturities)	-	5,925.55	-	5,925.55	-	-	-	-
Short term borrowings	-	5,103.88	-	5,103.88	-	-	-	-
Trade deposits	-	94.41	-	94.41	-	-	-	-
Financial guarantee liabilities	-	92.81	-	92.81	-	-	-	-
Other deposits	-	13.95	-	13.95	-	-	-	-
Trade payables	-	3,434.77	-	3,434.77	-	-	-	-
Creditors for capital assets	-	572.61	-	572.61	-	-	-	-
Other Financial liability	-	937.45	-	937.45	-	-	-	-
Total financial liabilities	-	16,175.43	-	16,175.43	-	-	-	-

* The Company has not disclosed the fair value for financial instruments such as trade receivables, cash and cash equivalents, term deposits with banks, other financial assets and financial liabilities because their carrying amounts are a reasonable approximation of fair value.

There are no transfer between any level during the year.

Notes to the financial statements

(continued) For the year ended March 31, 2019

B. Measurement of fair values

i. Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value
Investments in preference shares of subsidiary	Discounted cash flows: The valuation model considers present value of expected cash flows to be generated by the investee discounted using a risk-adjusted discount rate.	a. Earnings growth rate b. Risk adjusted discount rate	The estimated fair value would increase (decrease) if: - annual expected cash flows were higher (lower) - the risk-adjusted discount rate were lower (higher)

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value
Financial instruments not measured at fair value	Discounted cash flows: The valuation model considers the present value of expected payment discounted using a risk-adjusted discount rate.	Risk adjusted discounting rate	The estimated fair value would increase (decrease) if: - the risk-adjusted discount rate were lower (higher)

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

Estimating future cash flow and discounted cash flow analysis.

The fair values have been determined based on present values and the discount rates used were adjusted for counterparty credit risk.

C. Level 3 fair values:

i. Reconciliation of Level 3 fair values:

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

Particulars	Rs. in million	
	Investment in preference shares	
As at April 1, 2017	100.04	
Gains on fair valuation	2.56	
As at March 31, 2018	102.60	
Gains on fair valuation	16.49	
As at March 31, 2019	119.09	

ii. Sensitivity analysis:

For the fair values of investment in preference shares of subsidiary, reasonable possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects on the fair value:

Particulars	Fair value as at		Significant unobservable inputs	Probability-weighted range	
	March 31, 2019	March 31, 2018		March 31, 2019	March 31, 2018
	Investments in preference shares of subsidiary	119.09		102.60	Earnings growth rate
			Risk adjusted discount rate	15%	15%
Increased earnings growth factor (+50 basis points (bps)) and lower discount rate (-50 bps)				11.00	14.20
lower earnings growth factor (-50 bps) and higher discount rate (+50 bps)				(10.00)	(12.70)

Significant estimates: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see above.

Notes to the financial statements

(continued) For the year ended March 31, 2019

Note 40 : Contingent liabilities (to the extent not provided for)

A. Claims against the Company not acknowledged as debts as at March 31, 2019

Rs in Million

Sr. No.	Particulars	March 31, 2019	March 31, 2018
a)	Sales tax	18.78	22.82
b)	Excise and Service Tax matters	3.40	3.04
c)	Other matters	36.62	36.62
	Total	58.80	62.48

Notes:

- Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgement/decisions pending with various forums/authorities.
- The Company is also contesting other civil claims against the Company not acknowledged as debts and the management believes that its position will likely be upheld in the appellate process.
- There are numerous interpretative issues relating to the Supreme Court (SC) judgement dated 28th February, 2019, relating to components/allowances paid that need to be taken into account while computing an employer's contribution of provident fund under the Employees' Provident Funds and Miscellaneous Provident Act, 1952. The Company has also obtained a legal opinion on the matter and basis the same there is no material impact on the financial statements as at 31 March 2019. The Company would record any further effect on its financial statements, on receiving additional clarity on the subject.
- Further, the Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in the financial statements. The management believes that the ultimate outcome of above proceeding will not have a material adverse effect on the Company's financial position and results of operations.

B. Other legal matters

a. Eli Lilly Co. v. Emcure Pharmaceuticals USA, Inc. and Emcure Pharmaceuticals Ltd., et al. (Pemetrexed Injection)

In August 2015, Eli Lilly Company filed suit against the Company and its subsidiary Heritage Pharma Labs Inc. (erstwhile Emcure Pharmaceuticals USA, Inc.) (collectively Emcure") alleging infringement of United States Patent No. 7,772,209 (the "209 patent") in connection with its pemetrexed for injection, 500 mg/vial, product sold under the trade name ALIMTA®. In July 2016, the litigation was dismissed in favor of a consolidated inter partes review ("IPR") filed by Sandoz with multiple generics as co-defendants before the United States Patent and Trademark Office ("US PTO"). In October 2017, the US PTO issued a ruling on the '209 patent that was unfavorable to the generics. Sandoz filed an appeal of the US PTO's ruling in the IPR to the Federal Circuit.

Because Emcure declined to participate in Sandoz's appeal of the US PTO's ruling, in February 2018, the parties agreed to enter into an administrative closure of the litigation against Emcure in exchange for Emcure's agreement to be bound by a Stipulated Preliminary Injunction entered against Sandoz pending the appeal to the Federal Circuit that will prevent the launch of a generic pemetrexed for injection product prior to the expiration of the '209 patent.

On June 4, 2019, the Federal Circuit issued a ruling on the IPR appeal that was unfavorable to the generics. The Company now expects the branded product to be protected from competition from ANDA filers until May 2022, the day after the paediatric exclusivity associated with the '209 patent expires. At this stage in the proceedings, it is not possible to estimate the likelihood or extent of the Company's potential liability, if any.

b. Celgene Corp v. Emcure Pharmaceuticals Ltd. & Heritage Pharmaceuticals Inc. (Apremilast Tablet)

In June 2018, November 2018, and April 2019, Celgene Corporation ("Celgene") filed suit against the company and Heritage Pharmaceuticals Inc. (collectively "Emcure") alleging infringement of four U.S. patents: 7,427,638, 7,893,101, 9,872,854, and 10,092,541. Celgene based its infringement allegations on Emcure's filing of an ANDA seeking approval by the FDA to sell a generic version of a tableted apremilast product prior to the expiration of each of these four patents. The parties are currently engaged in preliminary discovery and at this early stage in the proceedings, it is not possible to estimate the likelihood or extent of the Company's potential liability, if any.

c. Novartis Pharmaceutical Corp v. Emcure Pharmaceuticals Ltd. & Heritage Pharmaceuticals Inc. (Fingolimod Tablet)

In July 2018, Novartis Pharmaceuticals Corporation ("Novartis") filed a consolidated suit against a number of defendants including Emcure Pharmaceuticals Ltd. & its subsidiary Heritage Pharmaceuticals Inc. (collectively "Emcure") alleging infringement of U.S. patent 9,187,405 (the "'405 patent") in connection with its fingolimod capsules, 0.5 mg, product sold under the trade name GILENYA®. Novartis based its infringement allegations on Emcure's filing of an ANDA seeking approval by the FDA to sell a generic version of a tableted fingolimod product prior to the expiration of the '405 patent. In December 2018, the parties agreed to enter into a stipulation that effectively stayed the litigation against Emcure in exchange for Emcure's consent to an injunction and its agreement to be bound by a final judgment entered by the Court on the validity of the '405 patent in the underlying consolidated litigation. At this early stage in the proceedings, it is not possible to estimate the likelihood or extent of the Company's potential liability, if any.

Notes to the financial statements

(continued) For the year ended March 31, 2019

Note 41 : Capital and other commitments (to the extent not provided for)

A) Capital commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 611.35 million (March 31, 2018: Rs. 1,291.63 million).

B) Other commitments

a) The Company has a 100 per cent Export Oriented Unit (EOU) set up under the permission granted by the Office of the Development Commissioner of SEEPZ Special Economic Zone of the Government of India. The authorities have, inter alia, laid down the following conditions, failing which the Company may be liable for penal action:

- i. The entire (100%) production shall be exported against hard currency except the sales in domestic tariff area admissible as per entitlement.
- ii. The Export Oriented Unit of the Company shall be a positive net foreign exchange earner over a period of six years from the date of commencement of production.

As at the year end, the Company is in compliance with the condition laid down by the authorities and does not expect any non-compliance in future.

b) The Company has imported certain machinery under the Export Promotion Capital Goods (EPCG) Scheme and accordingly, has an export obligation of Rs. 31.55 million (March 31, 2018: Rs. 133.06 million).

In this respect, the Company has given bonds of Rs. 6 million (March 31, 2018: Rs 102.96 million) to the Commissioner of Customs.

Year of issue of grant	Export obligation to be fulfilled	Unfulfilled export obligation			
		As at March 31, 2019		As at March 31, 2018	
		USD million	Rs. million	USD million	Rs. million
2014-15	2020-21	-	-	1.77	115.36
2016-17	2022-23	0.26	17.70	0.27	17.70
2017-18	2023-24	0.20	13.85	-	-
		0.46	31.55	2.04	133.06

C) Financial guarantees given

- i) The Company has given corporate guarantees to the Bankers for Genova Biopharmaceuticals Ltd. in respect of loans of Rs. 254.14 million (March 31, 2018: Rs. 412.8 million).
- ii) The Company has given Corporate guarantees to the Bankers for Heritage Pharma Holdings Inc. in respect of loans of Rs. 6,065.01 million (USD 86.19 million) [(March 31, 2018: Rs. 4887.16 million (USD 75 million))].
- iii) The Company has given Corporate guarantees to the Bankers for Marcan Pharmaceuticals Inc in respect of loans of Rs. 2,299.74 million (CAD 43.56 million) [March 31, 2018: Rs. 2,518.23 million (CAD 42.22 million)]. The Company has given Corporate guarantees to the Erstwhile Shareholders of Marcan Pharmaceuticals Inc. for Rs. 3631.95 million (CAD 68.8 million) [March 31, 2018: Rs. 3,474.54 million (CAD 68.8 million)].
- iv) The company has given Corporate guarantee to bankers in respect of loan of Rs 552.96 million (GBP 6 million) [March 31, 2018: Rs. 711.68 million (GBP 7.78 million)], sanctioned to Emcure Pharma UK Ltd.
- v) The Company has given Corporate guarantees to the Bankers for Emcure Pharmaceuticals Mena FZ LLC. in respect of loans of Rs. 156.08 million (AED 8 million) [March 31, 2018: Rs. 141.48 million (AED 8 million)].

All the above financial guarantees have been accounted as per the provisions of Ind AS 109.

Notes to the financial statements

(continued) For the year ended March 31, 2019

Note 42 : As a lessee in an operating lease:

The Company has taken on lease a number of offices, warehouses and facilities under operating lease. The leases typically run for a period of three to ten years with an option to renew the lease after that period. The future minimum lease payments to be made under non cancellable operating leases as of March 31, 2019 are as follows:

Rs. in million

Particulars	Due within 12 months as at March 31		Due between 12-60 months as at March 31		Due beyond 60 months as at March 31		Total amount Due as at March 31	
	2019	2018	2019	2018	2019	2018	2019	2018
Minimum lease payments	58.69	66.69	235.02	202.66	599.52	653.24	893.23	922.59

Amount recognised in Statement of Profit and Loss for lease expense is Rs. 128.25 million (March 31, 2018 Rs. 123.88 million) .

Note 43 : Earnings per share

Rs. in million

Particulars	March 31, 2019	March 31, 2018
Basic earnings per share		
A. Profit after tax attributable to equity shareholders (Rs. million)	2,836.54	2,427.68
B. Weighted average number of equity shares for the year	18,08,52,116	18,08,52,116
Basic earnings per share (Rs.) (A/B)	15.68	13.42
Diluted earnings per share		
C. Adjusted net profit for the year (Rs. million) (refer note below)	2,845.50	2,427.68
Weighted average number of equity shares for the year	18,08,52,116	18,08,52,116
Add: Effect of employee stock options*	8,52,184	-
D. Weighted average number of equity share (diluted) for the year	18,17,04,300	18,08,52,116
Diluted earning per share (Rs.) (C/D)	15.66	13.42
Face value per share (Rs.)	10.00	10.00

Note: Reconciliations of earnings used for calculating diluted earnings per share

Rs. in million

Particulars	March 31, 2019	March 31, 2018
Basic earnings per share		
Profit attributable to the equity holders of the company used in calculating basic earnings per share:	2,836.54	2,427.68
Add: Employee share-based payment (net of tax)*	8.96	-
Profit attributable to the equity holders of the company used for calculating diluted earnings per share	2,845.50	2,427.68

* The effect of conversion of potential equity share for the year ended March 31, 2018 is excluded, since the impact on earnings per share is anti dilutive.

Notes to the financial statements

(continued) For the year ended March 31, 2019

Note 44 : Related party disclosure

Related parties with whom there were transactions during the year and nature of relationship

Subsidiaries:

Zuventus Healthcare Limited
Gennova Biopharmaceuticals Limited
Emcure Brasil Farmaceutica Ltda.
Emcure Nigeria Limited
Emcure Pharmaceuticals Mena FZ-LLC.
Emcure Pharmaceuticals South Africa (Pty) Ltd
Heritage Pharma Holdings Inc.
Emcure Pharma UK Ltd.
Emcure Pharma Mexico S.A. DE C.V.
Emcure Pharma Peru S.A.C.
Marcan Pharmaceuticals Inc.
Emcure Pharmaceuticals Pty Ltd.

Step-down subsidiaries:

Heritage Pharmaceuticals Inc. (Subsidiary of Heritage Pharma Holdings Inc.)
Heritage Pharma Labs Inc. (Subsidiary of Heritage Pharma Holdings Inc.)
Tillomed Laboratories Limited (Subsidiary of Tillomed Holdings Limited)
Tillomed Pharma GmbH, Germany - (Subsidiary of Emcure Pharma UK Ltd.)
Laboratorios Tillomed Spain S.L.U. (Subsidiary of Emcure Pharma UK Ltd.)
Tillomed France SAS (Subsidiary of Emcure Pharma UK Ltd.)
Tillomed Italia S.R.L, Italy (Subsidiary of Emcure Pharma UK Ltd.)
Konsina Ilac Sanayi Ve Dis Ticaret Anonim Sirketi (Subsidiary of Emcure Pharma UK Ltd.) (till 21st December 2017)
Emcure NZ Limited (Subsidiary of Emcure Pharmaceuticals Pty Ltd.)

Key Management Personnel: Whole Time Directors

Mr. Satish Mehta - (Managing Director)
Dr. Mukund Gurjar (Executive Director)
Mr. Sunil Mehta (Executive Director)
Mrs. Namita Thapar (Chief Finance Officer and Executive Director)

Key Management Personnel: Other than Whole Time Directors

Mr. S.K. Bapat (Independent Director)
Mr. Humayun Dhanrajgir (Chairman and Independent Director)
Mr. Berjis Desai (Independent Director)
Dr. Girish Telang (Independent Director upto September 11, 2018)
Mr. Amit Chandra (Nominee of BC Investment IV Ltd) (Director upto January 8, 2018)
Mr. Samonnoi Banerjee (Nominee of BC Invt. IV Ltd.) (Director)(From January 8, 2018)
Dr. Fakrul Sayeed (Director upto July 16, 2018)

Key Management Personnel: Relatives

Mr. Sanjay Mehta
Mr. Vikas Thapar
Mr. Samit Mehta
Mr. Rutav Mehta
Mrs. Bhavna Mehta

Enterprise over which Key Management Personnel have significant influence:

H.M. Sales Corporation
Uth Beverages Factory Pvt. Ltd.

Notes to the financial statements

(continued) For the year ended March 31, 2019

Rs. in million

Sr. No.	Description of the nature of transaction / balance	Transaction value		Balance outstanding as at			
		2018-19	2017-18	March 31, 2019		March 31, 2018	
				Receivable / Advance from customer	Payable / Advance to supplier	Receivable / Advance from customer	Payable / Advance to supplier
1)	Purchase of goods & services						
	Zuventus Healthcare Limited	62.77	33.07	-	5.81	-	8.30
	Gennova Biopharmaceuticals Limited	195.10	174.03	-	-	-	-
	Uth Beverages Factory Pvt. Ltd.	-	4.13	-	-	-	1.89
2)	Sale of assets						
	Zuventus Healthcare Limited	0.87	0.08	-	-	-	-
	Gennova Biopharmaceuticals Limited	3.73	0.51	-	-	-	-
3)	Purchase of assets						
	Zuventus Healthcare Limited	0.31	-	-	-	-	-
	Gennova Biopharmaceuticals Limited	0.02	-	-	-	-	-
	Tillomed Laboratories Limited	-	23.83	-	4.93	-	23.83
4)	Sale of goods and services						
	Zuventus Healthcare Limited	254.63	417.79	4.55	-	8.59	-
	Gennova Biopharmaceuticals Limited	189.08	181.59	-	-	(0.30)	-
	Heritage Pharma Labs Inc.	66.23	76.54	24.36	-	29.41	-
	Emcure Pharmaceuticals Mena FZ-LLC.	452.28	398.90	269.55	-	398.82	-
	Uth Beverages Factory Pvt. Ltd.	0.01	*	0.02	-	-	-
	Heritage Pharmaceuticals Inc.	3,791.90	5,165.57	988.76	-	467.18	-
	Emcure Pharmaceuticals South Africa (Pty) Ltd	157.41	165.53	96.09	-	93.98	-
	Emcure Pharma UK Ltd.	1,801.49	2,276.76	2,446.02	-	1,568.29	-
	Emcure Pharma Peru S.A.C.	76.86	15.13	77.35	-	16.36	-
	Konsina Ilac Sanayi Ve Dis Ticaret Anonim Sirketi	-	8.38	-	-	-	-
	Tillomed Laboratories Limited	1,031.66	426.10	1,269.01	-	332.41	-
	Tillomed Pharma GmbH	-	81.20	100.05	-	79.44	-
	Tillomed Italia S.R.L.	-	7.09	15.49	-	7.52	-
	Marcen Pharmaceuticals Inc.	704.46	40.99	633.70	-	3.04	-
5)	Purchase of shares of subsidiary						
	Emcure Pharmaceuticals Pty Ltd.	-	44.03	-	-	-	-
6)	Equity contribution in the nature of employee stock options issued to employees of subsidiary						
	Emcure Pharma UK Ltd.	0.09	0.29	-	-	-	-
	Emcure Pharmaceuticals Mena FZ-LLC.	-	11.96	-	-	-	-
	Gennova Biopharmaceuticals Limited	0.14	0.45	-	-	-	-
	Marcen Pharmaceuticals Inc.	2.36	4.78	-	-	-	-
	Heritage Pharma Labs Inc.	0.48	4.68	-	-	-	-
	Heritage Pharmaceuticals Inc.	34.74	-	-	-	-	-
	Tillomed Laboratories Limited	1.18	-	-	-	-	-
	Zuventus Healthcare Limited	0.11	0.35	-	-	-	-

Notes to the financial statements

(continued) For the year ended March 31, 2019

Rs. in million

Sr. No.	Description of the nature of transaction / balance	Transaction value		Balance outstanding as at			
		2018-19	2017-18	March 31, 2019		March 31, 2018	
				Receivable / Advance from customer	Payable / Advance to supplier	Receivable / Advance from customer	Payable / Advance to supplier
7)	Loans and advances given / (repaid) #						
	Emcure Nigeria Limited	-	-	51.60	-	44.39	-
	Emcure Pharmaceuticals South Africa (Pty) Ltd	-	-	116.69	-	102.65	-
	Emcure Pharmaceuticals Mena FZ-LLC.	-	-	201.33	-	174.36	-
	Emcure Brasil Farmaceutica Ltda.	-	3.19	89.85	-	74.31	-
	Emcure Pharmaceuticals Pty Ltd.	(5.08)	16.66	8.09	-	10.68	-
	Emcure Pharma Mexico S.A. DE C.V.	-	15.31	53.22	-	39.65	-
	Emcure Pharma Peru S.A.C.	5.98	17.35	39.80	-	28.34	-
8)	Interest income						
	Emcure Nigeria Limited	3.64	3.36	23.84	-	19.79	-
	Emcure Pharmaceuticals South Africa (Pty) Ltd	7.77	7.16	32.45	-	24.79	-
	Emcure Pharmaceuticals Mena FZ-LLC.	18.71	17.28	105.45	-	92.81	-
	Emcure Brasil Farmaceutica Ltda.	7.53	6.92	29.58	-	25.26	-
	Emcure Pharmaceuticals Pty Ltd.	1.25	0.07	3.16	-	4.52	-
	Emcure Pharma Peru S.A.C.	3.61	2.01	4.75	-	5.45	-
	Emcure Pharma Mexico S.A. DE C.V.	6.00	5.31	6.17	-	13.57	-
9)	Net gain/(loss) on loans given to subsidiaries measured at amortised cost						
	Emcure Brasil Farmaceutica Ltda.	7.87	6.18	-	-	-	-
	Emcure Nigeria Limited	3.15	7.43	-	-	-	-
	Emcure Pharma Mexico S.A. DE C.V.	8.16	(2.23)	-	-	-	-
	Emcure Pharma Peru S.A.C.	2.49	(1.14)	-	-	-	-
	Emcure Pharmaceuticals Mena FZ-LLC.	7.80	7.46	-	-	-	-
	Emcure Pharmaceuticals South Africa (Pty) Ltd	4.54	10.49	-	-	-	-
	Emcure Pharmaceuticals Pty Ltd.	2.38	(5.60)	-	-	-	-
10)	Net gain/(loss) on interest on inter company loan						
	Emcure Brasil Farmaceutica Ltda.	(2.54)	(2.45)	-	-	-	-
	Emcure Nigeria Limited	(0.42)	(0.36)	-	-	-	-
	Emcure Pharma Mexico S.A. DE C.V.	(1.84)	0.64	-	-	-	-
	Emcure Pharma Peru S.A.C.	(1.86)	1.06	-	-	-	-
	Emcure Pharmaceuticals Mena FZ-LLC.	(14.08)	(16.82)	-	-	-	-
	Emcure Pharmaceuticals South Africa (Pty) Ltd	(0.49)	(4.55)	-	-	-	-
	Emcure Pharmaceuticals Pty Ltd.	(2.08)	4.52	-	-	-	-
11)	Interest expense						
	H.M. Sales Corporation	0.75	0.75	-	0.17	-	0.17
12)	Sale of Steam						
	Gennova Biopharmaceuticals Limited	11.54	11.72	-	-	-	-
13)	Balances written off						
	Heritage Pharmaceuticals Inc.	-	32.63	-	-	-	-
14)	Deposits accepted						
	H.M. Sales Corporation	-	-	-	10.00	-	10.00
	Zuventus Healthcare Limited	-	-	-	0.76	-	0.68
	Gennova Biopharmaceuticals Limited	-	-	-	14.86	-	13.27

Notes to the financial statements

(continued) For the year ended March 31, 2019

Rs. in million

Sr. No.	Description of the nature of transaction / balance	Transaction value		Balance outstanding as at			
		2018-19	2017-18	March 31, 2019		March 31, 2018	
				Receivable / Advance from customer	Payable / Advance to supplier	Receivable / Advance from customer	Payable / Advance to supplier
15)	Amortisation of deferred rent receivable						
	Gennova Biopharmaceuticals Limited	1.30	1.30	-	0.37	-	1.67
	Zuventus Healthcare Limited	0.09	0.09	-	1.23	-	1.32
16)	Unwinding of discount on rent deposit						
	Gennova Biopharmaceuticals Limited	1.59	1.42	-	-	-	-
	Zuventus Healthcare Limited	0.08	0.11	-	-	-	-
17)	Commission expenses						
	H.M. Sales Corporation	25.06	23.54	-	7.01	-	6.63
18)	Reimbursement of expenses made						
	Heritage Pharma Labs Inc.	28.55	14.61	-	0.75	-	0.96
	Uth Beverages Factory Pvt. Ltd.	0.03	-	-	-	-	-
	Tillomed Laboratories Limited	2.49	3.58	-	1.74	-	-
	H.M. Sales Corporation	0.02	0.13	-	0.00	-	0.01
	Emcure Pharma Peru S.A.C.	-	0.12	-	-	-	-
	Emcure Pharmaceuticals Pty Ltd.	-	12.51	-	-	-	-
	Heritage Pharmaceuticals Inc.	28.65	-	-	-	-	-
	Emcure Pharmaceuticals Mena FZ-LLC.	-	4.08	-	-	-	-
	Marcan Pharmaceuticals Inc.	1.53	7.31	-	0.11	-	-
19)	Reimbursement of expenses received						
	Zuventus Healthcare Limited	-	5.92	-	-	-	-
	Heritage Pharma Labs Inc.	27.32	18.75	27.32	-	-	-
	Konsina Ilac Sanayi Ve Dis Ticaret Anonim Sirketi	-	0.29	-	-	-	-
	Tillomed Italia S.R.L	1.33	0.24	1.33	-	0.24	-
	Tillomed Pharma GmbH	2.92	0.11	3.03	-	0.11	-
	Emcure Pharmaceuticals Mena FZ-LLC.	1.62	2.59	4.87	-	3.41	-
	Heritage Pharma Holdings Inc	32.20	36.96	34.52	-	-	-
	Gennova Biopharmaceuticals Limited	-	0.25	-	-	-	-
	Emcure Pharma UK Ltd.	4.54	9.87	0.14	-	5.11	-
	Heritage Pharmaceuticals Inc.	238.64	80.10	37.28	-	0.01	-
	Tillomed Laboratories Limited	62.55	52.10	114.65	-	52.10	-
	Emcure Pharmaceuticals Pty Ltd.	-	0.88	-	-	0.88	-
	Laboratorios Tillomed Spain S.L.U	3.52	-	3.37	-	-	-
	Tillomed France Sas	0.03	-	0.03	-	-	-
	Marcan Pharmaceuticals Inc.	7.15	0.73	0.84	-	0.17	-
20)	Dividend received						
	Zuventus Healthcare Limited	71.82	39.90	-	-	-	-
21)	Rent income						
	Zuventus Healthcare Limited	8.50	8.50	-	-	-	-
	Gennova Biopharmaceuticals Limited	31.80	31.80	-	-	-	-

Notes to the financial statements

(continued) For the year ended March 31, 2019

Rs. in million

Sr. No.	Description of the nature of transaction / balance	Transaction value		Balance outstanding as at			
		2018-19	2017-18	March 31, 2019		March 31, 2018	
				Receivable / Advance from customer	Payable / Advance to supplier	Receivable / Advance from customer	Payable / Advance to supplier
22)	Remuneration paid						
	Key Management Personnel: Whole Time Directors						
	Mr. Satish Mehta	158.50	142.58	-	43.80	-	41.64
	Dr. Mukund Gurjar	38.23	33.14	-	9.10	-	6.64
	Mr. Sunil Mehta	18.66	15.68	-	6.67	-	4.75
	Mrs. Namita Thapar	21.43	17.70	-	5.10	-	3.85
23)	Remuneration paid						
	Key Management Personnel: Relatives						
	Mr. Samit Mehta	19.42	14.33	-	5.39	-	3.51
	Mr. Vikas Thapar	24.91	20.56	-	5.47	-	3.64
	Mr. Rutav Mehta	1.52	1.05	-	0.09	-	0.12
	Mr. Sanjay Mehta	18.66	15.68	-	6.67	-	4.75
24)	Post-employment obligations						
	Key Management Personnel: Whole Time Directors						
	Mr. Sunil Mehta	1.08	0.91	-	9.03	-	7.94
	Mrs. Namita Thapar	1.08	0.59	-	4.72	-	3.63
25)	Post-employment obligations						
	Key Management Personnel: Relatives						
	Mr. Samit Mehta	1.49	0.52	-	5.12	-	3.63
	Mr. Vikas Thapar	1.18	0.71	-	5.61	-	4.43
	Mr. Rutav Mehta	0.04	0.06	-	0.10	-	0.06
	Mr. Sanjay Mehta	0.77	0.84	-	8.00	-	7.23
26)	Compensated absences						
	Key Management Personnel: Whole Time Directors						
	Mr. Satish Mehta	1.77	1.32	-	14.08	-	12.32
	Dr. Mukund Gurjar	0.33	0.30	-	3.58	-	3.25
	Mr. Sunil Mehta	0.08	0.08	-	1.37	-	1.29
	Mrs. Namita Thapar	0.35	0.16	-	2.21	-	1.86
27)	Compensated absences						
	Key Management Personnel: Relatives						
	Mr. Samit Mehta	0.46	0.12	-	1.90	-	1.44
	Mr. Vikas Thapar	0.36	0.19	-	2.62	-	2.25
	Mr. Rutav Mehta	0.02	0.07	-	0.09	-	0.07
	Mr. Sanjay Mehta	0.11	0.10	-	1.47	-	1.36
28)	Employee share based payments						
	Key Management Personnel: Relatives						
	Mr. Vikas Thapar	0.64	2.09	-	25.70	-	25.06
29)	Employee share based payments						
	Key Management Personnel: Other than Whole Time Directors						
	Dr. Fakrul Sayeed	-	3.99	-	-	-	11.08

Notes to the financial statements

(continued) For the year ended March 31, 2019

Rs. in million

Sr. No.	Description of the nature of transaction / balance	Transaction value		Balance outstanding as at			
		2018-19	2017-18	March 31, 2019		March 31, 2018	
				Receivable / Advance from customer	Payable / Advance to supplier	Receivable / Advance from customer	Payable / Advance to supplier
30)	Dividend paid						
	Key Management Personnel: Whole Time Directors						
	Mr. Satish Mehta	340.76	113.59	-	-	-	-
	Dr. Mukund Gurjar	1.33	0.44	-	-	-	-
	Mr. Sunil Mehta	49.88	16.63	-	-	-	-
	Mrs. Namita Thapar	28.53	9.51	-	-	-	-
31)	Dividend paid						
	Key Management Personnel: Relatives						
	Mr. Samit Mehta	60.96	20.32	-	-	-	-
	Mr. Vikas Thapar	1.69	0.56	-	-	-	-
	Mr. Sanjay Mehta	70.94	23.65	-	-	-	-
	Mrs. Bhavna Mehta	42.25	14.08	-	-	-	-
32)	Commission - Other than Whole Time Directors						
	Mr. S.K. Bapat	2.90	2.90	-	2.90	-	2.90
	Mr. Humayun Dhanrajgir	3.20	3.20	-	3.20	-	3.20
	Mr. Berjis Desai	3.80	3.80	-	3.80	-	3.80
	Dr. Girish Telang	-	11.20	-	-	-	11.20
33)	Sitting fees - Other than Whole Time Directors						
	Mr. S.K. Bapat	0.34	0.36	-	-	-	-
	Mr. Humayun Dhanrajgir	0.16	0.24	-	-	-	-
	Mr. Berjis Desai	0.20	0.08	-	-	-	-
	Dr. Girish Telang	-	0.12	-	-	-	-
	Mr. Amit Chandra	-	0.08	-	-	-	-
	Mr. Samonnoi Banerjee	0.12	0.06	-	-	-	-
	Dr. Fakrul Sayeed	-	0.06	-	-	-	-
34)	Rent expense						
	Key Management Personnel: Whole Time Directors						
	Mr. Sunil Mehta	0.33	0.31	-	-	-	-
35)	Rent expense						
	Key Management Personnel: Relatives						
	Mr. Sanjay Mehta	0.33	0.31	-	-	-	-
	Mrs. Bhavna Mehta	0.24	0.21	-	-	-	-
36)	Amortisation of financial guarantee liability						
	Gennova Biopharmaceuticals Limited	-	17.03	-	-	-	-
	Heritage Pharma Holdings Inc	-	43.00	-	-	-	-
	Emcure Pharma UK Ltd.	-	10.99	-	-	-	-
	Marcan Pharmaceuticals Inc.	20.25	21.88	-	72.56	-	92.81
	Emcure Pharmaceuticals Mena FZ-LLC.	-	0.20	-	-	-	-

Notes to the financial statements

(continued) For the year ended March 31, 2019

Rs. in million

Sr. No.	Description of the nature of transaction / balance	Transaction value		Balance outstanding as at			
		2018-19	2017-18	March 31, 2019		March 31, 2018	
				Receivable / Advance from customer	Payable / Advance to supplier	Receivable / Advance from customer	Payable / Advance to supplier
37)	Financial guarantee fees charged						
	Gennova Biopharmaceuticals Limited	3.55	4.90	-	-	-	-
	Heritage Pharma Holdings Inc	57.23	57.24	57.23	-	57.24	-
	Emcure Pharma UK Ltd.	5.35	4.95	1.35	-	4.95	-
	Marcan Pharmaceuticals Inc.	2.04	2.02	0.51	-	2.02	-
	Emcure Pharmaceuticals Mena FZ-LLC.	1.50	1.19	2.69	-	1.19	-
38)	Net changes in fair value of preference shares						
	Gennova Biopharmaceuticals Limited	16.49	2.56	-	-	-	-
39)	Revenue recognised in retained earnings due to transition to Ind AS 115 (refer note 47)						
	Heritage Pharmaceuticals Inc.	1,605.28	-	-	-	-	-
	Emcure Pharma UK Ltd.	866.93	-	-	-	-	-
	Tillomed Laboratories Limited	91.39	-	-	-	-	-
	Tillomed Pharma GmbH	50.40	-	-	-	-	-
	Tillomed Italia S.R.L.	20.80	-	-	-	-	-
	Laboratorios Tillomed Spain Slu	1.29	-	-	-	-	-
	Marcan Pharmaceuticals Inc.	20.88	-	-	-	-	-
40)	Royalty expense						
	Uth Beverages Factory Pvt. Ltd.	1.94	2.57	-	1.04	-	2.42
41)	Marketing Support Fees						
	Emcure Pharmaceuticals Mena FZ-LLC.	30.45	56.41	-	54.32	-	53.62
	Emcure Nigeria Limited	3.92	2.68	-	2.24	-	1.39
	Emcure Pharma Peru S.A.C.	27.37	17.04	-	-	-	17.04
	Emcure Pharma Mexico S.A. DE C.V.	23.55	19.89	-	5.59	-	10.40
	Emcure Brasil Farmaceutica Ltda.	40.00	47.19	-	8.89	-	9.60
	Emcure Pharmaceuticals Pty Ltd. (Australia)	23.26	3.40	-	12.18	-	-
	Emcure NZ Limited	28.58	28.25	-	14.85	-	27.15

* The amounts are below the rounding off norm adopted by the Company.

Loans and Guarantees are given for the general business purposes of related parties.

The loans given to subsidiaries and interest thereon are measured at amortised cost. The difference between the carrying amount and actual amount is accounted as net gain / loss under other income / finance cost, as the case may be. Below are the details of actual amount of loan and interest receivable from subsidiaries:

Rs. in million

Particulars	Tenure of loan and interest / Repayment date	Rate of Interest p.a.	Loans		Interest accrued on loans	
			March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Emcure Nigeria Limited	March 31, 2023	6% - 8.3%	54.91	50.85	23.59	19.13
Emcure Pharmaceuticals South Africa (Pty) Ltd	March 31, 2023	3.4% - 9.5%	128.57	119.07	31.97	23.75
Emcure Pharmaceuticals Mena FZ-LLC.	60 months	8.3% - 9.5%	204.86	185.69	98.99	72.27
Emcure Brasil Farmaceutica Ltda.	March 31, 2023	5.4% - 9.22%	103.80	96.13	26.28	19.42
Emcure Pharma Mexico S.A. DE C.V.	60 months	8.3% - 9.22%	73.33	67.91	3.81	9.38
Emcure Pharma Peru S.A.C.	60 months	8.3% - 9.5%	42.01	33.04	3.19	2.03
Emcure Pharmaceuticals Pty Ltd.	60 months	8.46%	11.31	16.28	0.72	0.07
Total			618.79	568.97	188.55	146.05

Also refer note no. 41 (c) for the details of the collateral security (including financial guarantee) given by the Company against the loans obtained by the subsidiaries

All transactions with the related parties are priced on an arm's length basis.

Notes to the financial statements

(continued) For the year ended March 31, 2019

Note 45 : Assets and liabilities relating to employee benefits

a) Defined contribution plans

The Company has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per local regulations. The contributions are made to provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual or any constructive obligation. The expense recognised during the year towards defined contribution plan is Rs. 136.65 million (March 31, 2018 - Rs. 127.24 million).

Contributions are made to employees family pension fund in India for employees as per local regulations. The contributions are made to provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual or any constructive obligation. The expense recognised during the period towards defined contribution plan is Rs. 80.06 million (March 31, 2018 - Rs. 79.40 million). The expense recognised for other defined contribution plans is Rs. 18.79 million (March 31, 2018 - Rs. 20.03).

Defined Contribution Plans: The Company has recognised the following amount in the Statement of Profit and Loss for the year

Rs. in million

Particulars	Year ended	
	March 31, 2019	March 31, 2018
Contribution to Employees Provident Fund	136.65	127.24
Contribution to Employees Family Pension Fund	80.06	79.40
Other defined contribution plan	18.79	20.03
Total	235.50	226.67

b) Post-employment obligations

Gratuity

The Company has a defined benefit gratuity plan for employees governed by the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the company makes contributions to fund managed by Life Insurance Corporation of India. Contributions are made as per the demands by LIC of India.

These defined benefit plans expose the Company to actuarial risks, such as interest rate risk, etc.

c) Defined benefit plans

The amounts recognised in the balance sheet, profit or loss, other comprehensive income and the movements in the net defined benefit obligation are as follows:

Rs. in million

Particulars	Present value of obligation	Fair value of plan assets	Total
As at April 1, 2017	325.10	(244.68)	80.42
Current service cost	62.71	-	62.71
Interest expenses/(income)	21.41	(17.02)	4.39
Mortality charges and taxes	-	2.84	2.84
Total amount recognised in profit and loss	84.12	(14.18)	69.94
Remeasurement of:			
- Return on plan assets, excluding amounts included in interest expense/(income)	-	(3.91)	(3.91)
- Defined benefit obligations	(11.59)	-	(11.59)
Total amount recognised in other comprehensive income	(11.59)	(3.91)	(15.50)
Employer contribution	-	(62.99)	(62.99)
Benefit payments	(29.06)	29.06	-
As at March 31, 2018	368.57	(296.70)	71.87
Current service cost	71.06	-	71.06
Interest expenses/(income)	25.53	(24.08)	1.45
Mortality charges and taxes	-	3.28	3.28
Total amount recognised in profit and loss	96.59	(20.80)	75.79
Remeasurement of:			
- Return on plan assets, excluding amounts included in interest expense/(income)	-	(1.01)	(1.01)
- Defined benefit obligations	(0.66)	-	(0.66)
Total amount recognised in other comprehensive income	(0.66)	(1.01)	(1.67)
Employer contribution	-	(73.85)	(73.85)
Benefit payments	(39.66)	39.66	-
As at March 31, 2019	424.84	(352.70)	72.14

Notes to the financial statements

(continued) For the year ended March 31, 2019

Note 45 : Assets and liabilities relating to employee benefits (continued)

d) The net liability disclosed above relates to funded and unfunded plans are as follows:

Rs. in million

Particulars	Year ended	
	March 31, 2019	March 31, 2018
Present value of obligation	424.84	368.57
Fair value of plan assets	(352.70)	(296.70)
Deficit of funded plan	72.14	71.87

The Company has no legal obligation to settle the deficit in the funded plans with an immediate contribution or additional one off contributions. The Company intends to continue to contribute the defined benefit plans as per the demand from LIC of India.

Principal actuarial assumptions as at the reporting date:

Rs. in million

Particulars	As At	
	March 31, 2019	March 31, 2018
a) Discount rate	7.00%	7.30%
b) Expected rate of return on plan assets	7.30%	6.90%
c) Salary escalation rate	8.00%	8.00%

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

e) Sensitivity analysis:

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

Rs. in million

Particulars	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Discount rate	1.00%	1.00%	(16.09)	(14.10)	17.40	15.24
Salary escalation rate	1.00%	1.00%	13.06	11.49	(12.32)	(10.85)
Withdrawal rate	1.00%	1.00%	(1.39)	(1.13)	1.45	1.17

Assumptions regarding future mortality for gratuity benefit is set based on actuarial advice in accordance with published statistics and experience in the domicile country of the company.

f) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed

- Asset volatility : The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. All assets are maintained with fund managed by LIC of India.
- Changes in bond yields: A decrease in bond yields will increase plan liabilities.
- Future salary escalation and inflation risk : Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence company is encouraged to adopt asset-liability management.

The Company's assets are maintained in a trust fund managed by public sector insurance company via, LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

g) Defined benefit liability and employer contributions

The Company has agreed that it will aim to eliminate the deficit in gratuity plan over the years. Funding levels are assessed by LIC on annual basis and the Company makes contribution as per the instructions received from LIC. The Company compares the expected contribution to the plan as provided by actuary with the instruction from LIC and assesses whether any additional contribution may be required. The Company considers the future expected contribution will not be significantly increased as compared to actual contribution.

Expected contributions to post-employment benefit plans for the year ending March 31, 2020 is Rs. 72.10 million. (March 31, 2019 - Rs. 71.87 million)
The weighted average duration of the defined benefit obligation is 4.76 years (March 31, 2018 - 4.85). The following benefits payments are expected to be paid:

Notes to the financial statements

(continued) For the year ended March 31, 2019

Rs. in million

Particulars	Less than 1 year	between 1-2 years	between 2-5 years	over 5 years	Total
March 31, 2019					
Defined benefit obligation - gratuity	90.27	90.28	233.03	303.46	717.04
March 31, 2018					
Defined benefit obligation - gratuity	74.33	71.90	215.13	283.17	644.53

h) Major plan assets

Rs. in million

Particulars	March 31, 2019	March 31, 2018
	Unquoted	Unquoted
Investment funds		
- Insurance Funds (LIC Pension and Group Schemes fund)	352.70	296.70
Total	352.70	296.70

The category wise details of the plan assets is not available as it's maintained by LIC.

Note 46 : Employees stock option plan

As at 31 March 2019, the Company has the following share-based payment arrangement:

i. Share option plans (equity settled)

"Emcure ESOS 2013" : The Board vide its resolution dated October 10, 2013, March 14, 2016, July 07, 2017, Nov 01, 2018, Dec 01, 2018, Feb 01, 2019 granted 710,000, 145,000, 100,000, 840,000, 240,000 and 230,000 Employee Stock Options respectively to the eligible employees under "Emcure ESOS 2013" in compliance with the provisions of the applicable law and rules framed there under. The eligible employees, including directors, are determined by the Remuneration Committee from time to time. These options will vest over period of 3 to 5 years from the grant date and are subject to the condition of continued service of the employees.

Once vested the option can be exercised within 5 years from date of Initial Public Offer (IPO). The exercise price of the options is equal to fair market value of the shares as determined by an independent valuer as at grant dates. If IPO does not take place or shares are not listed within 2 years from the date of grant then, Remuneration committee at its sole discretion, subject to prior approval of the Company's shareholder's can settle the vested options in cash or allow exercise of option before listing at a price arrived at by an independent valuer. However no options have been settled in cash or allowed to be exercised till March 31, 2019 except for one employee.

Options granted under this scheme carry no dividend or voting rights. When exercised, one option is convertible into one equity share.

Set out below is a summary of the options granted under the plan:

Particulars	Tranche - 1			Tranche - 2			Tranche - 3		
	Exercise Price	March 31, 2019	March 31, 2018	Exercise Price	March 31, 2019	March 31, 2018	Exercise Price	March 31, 2019	March 31, 2018
Date of grant	October 01, 2013			March 14, 2016			July 7, 2017		
Opening balance	221.25*	16,00,000	19,70,000	508.75*	5,80,000	5,80,000	300	1,00,000	-
Grant during the year	-	-	-	-	-	-	300	-	1,00,000
Cancelled during the year	221.25*	(2,00,000)	(3,70,000)	508.75*	(4,60,000)	-	-	-	-
Exercised during the year	-	-	-	-	-	-	-	-	-
Closing balance	221.25*	14,00,000	16,00,000	508.75*	1,20,000	5,80,000	300	1,00,000	1,00,000
Exercisable							-	-	-

Particulars	Tranche - 4			Tranche - 5			Tranche - 6		
	Exercise Price	March 31, 2019	March 31, 2018	Exercise Price	March 31, 2019	March 31, 2018	Exercise Price	March 31, 2019	March 31, 2018
Date of grant	November 01, 2018			December 01, 2018			February 01, 2019		
Opening balance	-	-	-	-	-	-	-	-	-
Grant during the year	522.00	8,40,000	-	522.00	2,40,000	-	522.00	2,30,000	-
Cancelled during the year	-	-	-	-	-	-	-	-	-
Exercised during the year	-	-	-	-	-	-	-	-	-
Closing balance	522.00	8,40,000	-	522.00	2,40,000	-	522.00	2,30,000	-
Exercisable									

*During the year ended March 31, 2016, the company had issued bonus shares to its shareholders in the ratio of 3:1. Correspondingly, proportionate adjustment has been made by increasing the number of options granted and reducing exercise price per option. Board of directors vide resolution dated January 29, 2016 has approved the adjustments to options granted.

No options have expired or exercised during the periods covered in the above table.

Notes to the financial statements

(continued) For the year ended March 31, 2019

Share options outstanding at the end of the year have the following exercise prices:

Rs. in million

Grant Date	Exercise Share option price (Rs.) March 31, 2019	Number of share options March 31, 2019	Exercise Share option price (Rs.) March 31, 2018	Number of share options March 31, 2018
October 1, 2013	221.25	14,00,000	221.25	16,00,000
March 14, 2016	508.75	1,20,000	508.75	5,80,000
July 07, 2017	300.00	1,00,000	300.00	1,00,000
November 01, 2018	522.00	8,40,000	-	-
December 01, 2018	522.00	2,40,000	-	-
February 01, 2019	522.00	2,30,000	-	-
Total	370.18	29,30,000	297.84	22,80,000
Weighted average remaining contractual life of options	7.09 Years		8.02 Years	

Fair value of equity settled share based payment arrangements:

1,310,000 employee stock options were granted during the year ended March 31, 2019. The fair value as at grant date is determined using the Black Scholes Merton Model which takes into account the exercise price, term of option, share price at grant date, expected price volatility of underlying share, expected dividend yield and risk free interest rate for the term of option.

The model inputs for options granted during the year ended March 31, 2019 included:

Rs. in million

Sr.	Particulars	Tranche 4	Tranche 5	Tranche 6a	Tranche 6b	Tranche 6c
a.	Options granted	8,40,000	2,40,000	1,80,000	20,000	30,000
b.	Exercise Price Rs.	522.0	522.0	522.0	522.0	522.0
c.	Share Price at grant date	522.0	522.0	522.0	522.0	522.0
d.	Date of grant	01-Nov-18	01-Dec-18	01-Feb-19	01-Feb-19	01-Feb-19
e.	Expected price volatility of the company's shares	30.02%	30.11%	30.28%	30.28%	30.28%
f.	Expected dividend yield	1.00%	1.00%	1.00%	1.00%	1.00%
g.	Risk free interest rate	7.67%	7.42%	7.13%	7.13%	7.13%
h.	Expected life of options	2.51	2.56	2.44	2.41	3.27

Volatility is a measure of the movement in the prices of the underlying assets. Since the Company is an unlisted Company, volatility of similar listed entities has been considered. Expected volatility has been based on an evaluation of the historical volatility of the similar listed entities (peers) share price, particularly over the historical period commensurate with the expected term. The expected term of the instrument has been based on historical experience and general option holder behaviour.

Expenses recognised in statement of profit and loss:

in Million

Particulars	March 31, 2019	March 31, 2018
Employee share-based payment	13.77	11.88

Note 47 : Revenue from contract with customer

Notes to the financial statements

(continued) For the year ended March 31, 2019

Rs. in million

Particulars	Year ended March 31, 2019
Revenue recognised from contracts with customers	24,537.03
Disaggregation of revenue	
Based on markets	
Within India	12,003.64
Outside India -	
a. Europe	3,065.67
b. North America	4,733.99
c. Other continents	4,733.73
Total	24,537.03
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	98.65
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods *	2,656.97

* The same has been recognised in Reserves and Surplus as per the transition option.

There is no significant change in the contract liabilities. The contract assets has increased due to change in billing method to the subsidiaries of the Company.

The Company satisfies its performance obligations pertaining to the sale of goods at point in time when the control of goods is actually transferred to the customers. No significant judgment is involved in evaluating when a customer obtains control of promised goods. The contract with customers are generally fixed price contract (except for contracts with subsidiaries, wherein there is variable consideration) subject to refund due to returns and do not contain any financing component. The payment is generally due within 7-180 days. The Company is obliged for returns/refunds due to expiry & saleable returns. There are no other significant obligations attached in the contract with customer.

There is no significant judgement involved in ascertaining the timing of satisfaction of performance obligation and in evaluating when a customer obtains control of promised goods. Transaction price ascertained for the performance obligation of the Company is agreed in the contract with the customer. Further, the variable consideration is an estimate amount arrived by using expected value method.

Reconciliation of contract price with revenue recognised in statement of profit and loss:

Rs. in million

Particulars	Amount
Contract price	25,374.50
Less:	
Sales return and breakage expiry	(837.47)
Revenue recognised in statement of profit and loss	24,537.03

Changes in accounting policies

Impact of application of Ind AS 115: 'Revenue from contract with customers' on the financial statements

The Company applied Ind AS 115 for the first time by using the cumulative effect method of adoption with the date of initial application of 1 April 2018. Under this method, the Company recognised the cumulative effect of initially applying Ind AS 115 as an adjustment to the opening balance of retained earnings as at 1 April 2018. Comparative prior period has not been adjusted.

Entities applying the cumulative effect method can elect to apply the revenue standard only to contracts that are not completed as at the date of initial application (that is, they would ignore the effects of applying the revenue standard to contracts that were completed prior to the date of initial application). However, the Company has not elected the said practical expedient.

Notes to the financial statements

(continued) For the year ended March 31, 2019

The impact on the Company's retained earnings as at 1 April 2018 is as follows:

Particulars	Notes	Rs. in million
		April 01, 2018
Retained earnings reported previous year		9,897.33
Recognition of variable consideration on contracts pertaining to earlier years	(i)	2,656.97
Increase in tax liabilities	(ii)	(928.45)
Adjustment to retained earnings from adoption of Ind AS 115		1,728.52
Retained earnings after application of Ind AS 115 - modified retrospective method		11,625.85

Notes:

(i) Accounting for variable consideration

The Company from time to time enters into marketing arrangements with certain business partners for the sale of its products in certain markets. Under such arrangements, the Company sells its products to the business partners at a base purchase price agreed upon in the arrangement and is also entitled to a profit share which is over and above the base purchase price. The profit share is typically dependent on the business partner's ultimate net sale proceeds or net profits, subject to any reductions or adjustments that are required by the terms of the arrangement. Such arrangements typically require the business partner to provide confirmation of units sold and net sales or net profit computations for the products covered under the arrangement.

Revenue amount equal to the base purchase price is recognized in these transactions upon delivery of products to the business partners. An additional amount representing the profit share component is recognized as revenue only to the extent that it is highly probable that a significant reversal will not occur.

At the end of each reporting period, the Company updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Under the previous revenue recognition standards, revenue was recognised only when the amount of revenue was measured reliably and it was probable that the economic benefits associated with the transaction will flow to the entity.

Under Ind AS 115, if the consideration promised in a contract includes a variable amount, an entity shall estimate the amount of consideration to which the entity will be entitled in exchange for transferring the promised goods or services to a customer. An entity shall estimate an amount of variable consideration by using method specified in Ind AS 115.

An entity shall include in the transaction price some or all of an amount of variable consideration estimated in accordance with Ind AS 115 only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

As a consequence of application of Ind AS 115 w.e.f. April 01, 2018, the Company has recorded variable consideration pertaining to earlier years in the opening reserves as at April 01, 2018 as per the cumulative effect method and with a corresponding tax liability.

The following table presents the amounts by which each financial statement line item is affected in the current year ended 31 March 2019 by the application of Ind AS 115 as compared with the previous revenue recognition requirements. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

Balance sheet (extract)	Rs. in million		
	March 31, 2019 without adoption of Ind AS 115	Adjustment	March 31, 2019 as reported
Non-current assets			
Current tax assets (net)	(239.78)	572.55	332.77
Total	(239.78)	572.55	332.77
Non-current liabilities			
Deferred tax liabilities (net)	(148.58)	(572.55)	423.97
Total non-current assets	(148.58)	(572.55)	423.97

Notes to the financial statements

(continued) For the year ended March 31, 2019

Rs. in million

Statement of profit and loss (extract) year ended 31 March 2019	March 31, 2019 without adoption of Ind AS 115	Adjustment	March 31, 2019 as reported
Revenue from operations	27,194.00	(2,656.97)	24,537.03
Total	27,194.00	(2,656.97)	24,537.03
Income tax expense	1,790.26	928.45	861.81
Profit for the year	4,565.06	(1,728.52)	2,836.54

Note 48 : Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

Rs. in million

Particulars	Note	March 31, 2019	March 31, 2018
Current			
Financial assets			
Cash and cash equivalents	11A	193.45	441.67
Bank balances other than cash and cash equivalents	11B	91.56	99.69
Trade receivables	10	9,101.12	5,321.71
Non-financial assets			
Inventories	9	4,956.52	4,764.44
Total current assets pledged as security		14,342.65	10,627.51
Non Current			
Financial assets			
Deposits with banks	7	4.19	3.78
Investments	5	2,066.28	2,555.27
Non-financial assets			
Property, plant, equipment, intangible assets and capital work-in-progress	2, 3, 4	14,147.81	12,000.46
Total non-current assets pledged as security		16,218.28	14,559.51
Total assets pledged as security		30,560.93	25,187.02

Note 49 : Optionally convertible redeemable preference shares ('OCRPS') issued by the subsidiary of the Company.

The OCRPS issued by the subsidiary has a par value of Rs.10 with a maximum tenure of 12 years and is optionally convertible in equity share of the subsidiary in the ratio of 1 equity share for every 5 OCRPS.

The redemption option can be availed anytime after the expiry of the 10th anniversary of the allotment date but on or before the 12th anniversary of the allotment date, provided that the Company has not exercised the conversion option.

The conversion option can be availed anytime after the 8th anniversary of the allotment date but on or before the 12th anniversary of the allotment date. Subsequent to the period end the Company has exercised the option to redeem the OCRPS.

Note 50 : Segment reporting

The measurement of each segment's revenues, expenses and assets is consistent with the accounting policies that are used in preparation of the Company's consolidated financial statements. Accordingly, segment information has been provided only in the consolidated financial statements.

Note 51 : As a lessor in an operating lease:

The Company has leased industrial premises on operating lease to its subsidiary companies Genova Biopharmaceuticals Ltd and Zuventus Healthcare Ltd. The future minimum lease payments under this lease as of March 31, 2019 are as follows:

Rs. in million

Particulars	Due within 12 months		Due between 12-60 months		Due beyond 60 months		Total amount Due	
	as at March 31,		as at March 31,		as at March 31,		as at March 31,	
	2019	2018	2019	2018	2019	2018	2019	2018
Minimum lease payments	11.64	40.30	13.24	24.88	-	-	24.88	65.18

Notes to the financial statements

(continued) For the year ended March 31, 2019

Note 52 : Expenditure on research and development during the year

Revenue expenditure (excluding depreciation) incurred on Research and Development including in house Research and Development is Rs. 1,630.22 million (March 31, 2018 Rs. 1,497.44 million). Capital expenditure in relation to acquisition of property, plant and equipment and intangible assets incurred on Research and Development including in house Research and Development is Rs. 17.26 million (March 31, 2018 Rs. 20.18 million).

Note 53 : Information regarding Micro, Small and Medium Enterprises

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

Rs. in million

Particulars	March 31, 2019	March 31, 2018
i) The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	5.43	-
ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
iii) The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprise Development Act, 2006.	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.06	-
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	0.06	-

Note 54 : Excise / GST refund received

a) Under Notification No. 56/2002- Central Excise dated November 14, 2002 issued by the Ministry of Finance, Government of India, the Company was entitled to subsidy in the form of refund of proportion of excise duty paid on value additions by its unit at Jammu for the period of 10 years from the date of start of production at Jammu unit on April 25, 2009 and exemption under Notification No. 01/2010- Central Excise dated February 06, 2010 against substantial expansion vide order No. 06/AC/CE/J/EXP 2016 dated May 13, 2016 valid for 10 years. There are no unfulfilled conditions or other contingencies attached to this grant.

b) Under Notification dated 05 October 2017 and Circular No. 1060/9/2017-CX dated 27th November, 2017 issued by the Department of Industrial Policy and Promotion (DIPP), the Company is entitled to subsidy in the form of proportionate refund of GST paid in cash (i.e. other than utilising input credit) by its unit at Jammu for a period not exceeding ten years from the date of start of commercial production at Jammu unit. The subsidy is available upto March 01, 2026 There are no unfulfilled conditions or other contingencies attached to this grant.

Note 55 : Government Grant

Government grants are related to exemption of basic customs duty on purchase of imported machineries to be used for the manufacturing of products. The Company is required to fulfil the export obligation against duty benefit received. Refer note no. 41B for the details of unfulfilled obligations. Based on past experience, management is confident that it will fulfil conditions attached to the grant received.

Note 56 : Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a corporate social responsibility (CSR) committee has been formed by the Company. The areas for CSR activities are promoting education, healthcare and ensuring environmental sustainability. Amount spent during the year on activities which are specified in Schedule VII of the Companies Act 2013 are as mentioned below :

a) Gross amount of Rs. 60.12 million (March 31, 2018 Rs. 49.52 million) required to be spent by the Company during the year.

b) Amount spent during the year on:

Rs. in million

Particulars	Paid	Yet to be paid	Total	Paid	Yet to be paid	Total
	Year ended March 31, 2019			Year ended March 31, 2018		
	2019	2019	2018	2018	2018	2018
(i) Construction/acquisition of any asset	-	-	-	-	-	-
(ii) On purposes other than (i) above	61.97	-	61.97	49.78	-	49.78

Note 57 : Specified bank notes (SBNs)

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements, since the requirement does not pertain to financial year ended 31 March 2019.

Notes to the financial statements

(continued) For the year ended March 31, 2019

Note 58 : Events occurring after the reporting period

On April 24, 2019, Tillomed Laboratories BV, a 100% step down subsidiary of Emcure Pharma UK Ltd (subsidiary of the Company), was incorporated with equity share capital of Euro 30,000 (equivalent to Rs. 2.35 million). On April 16, 2019, Tillomed Holdings Ltd UK (Subsidiary of the company) has been dissolved.

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached.

For B S R & Co. LLP

Firm Registration: 101248W/W-100022
Chartered Accountants

Nirav Patel

Partner
Membership No. 113327

Place: Pune

Date : July 18, 2019

UDIN: 19113327AAAAAZ6834

For and on behalf of the Board of Directors

CIN -U24231PN1981PLC024251

S.K. Bapat

Director
DIN -00621568

Sanjay Kumar Chowdhary

Company Secretary
Membership No. A12878

Place: Pune

Date : July 18, 2019

Satish Mehta

Managing Director
DIN -00118691

Namita Thapar

Whole Time Director &
Chief Financial Officer
DIN -05318899

INDEPENDENT AUDITORS' REPORT

To the Members of Emcure Pharmaceuticals Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Emcure Pharmaceuticals Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2019, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that

were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group (company and subsidiaries) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction,

INDEPENDENT AUDITORS' REPORT

supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

- (a) We did not audit the financial statements / financial information of twelve subsidiaries, whose financial statements/financial information reflect total assets of Rs. 13,032.79 million as at 31 March 2019, total revenues of Rs. 9,948.49 million and net cash flows amounting to Rs. 526.44 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors.

These subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

- (b) The financial statements/financial information of five subsidiaries, whose financial statements/financial information reflect total assets of Rs. 2,151.68 million as at 31 March 2019, total revenues of Rs. 2,035.11 million and net cash flows amounting to Rs. 29.72 million for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. These unaudited financial statements/financial information have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

- A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
 - On the basis of the written representations received from the directors of the Holding Company and its subsidiary companies as on 31 March 2019 taken on record by the Board of Directors of the respective companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the 'Other Matters' paragraph:
- The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group. Refer Note 43 and 44 to the consolidated financial statements.
 - The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2019.
 - There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2019.
 - The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2019.

INDEPENDENT AUDITORS' REPORT

- C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company and its subsidiary companies incorporated in India to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/W-100022

Place: Pune
Date: 18 July 2019

Nirav Patel
Partner
Membership No: 113327
UDIN: 19113327AAAABA2876

Annexure A to the Independent Auditors' report on the consolidated financial statements of Emcure Pharmaceuticals Limited for the period ended 31 March 2019

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of Emcure Pharmaceuticals Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained with regards to the Holding Company and Subsidiary companies which are incorporated in India, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/W-100022

Place: Pune
Date: 18 July 2019

Nirav Patel
Partner
Membership No: 113327
UDIN: 19113327AAAABA2876

Consolidated Balance Sheet

as at March 31, 2019

Rs. in million

Particulars	Note	March 31, 2019	March 31, 2018
Assets			
Non-current assets			
Property, plant and equipment	2	14,876.51	12,586.73
Capital work-in-progress	3	4,217.61	4,935.03
Goodwill	53	3,760.41	3,555.20
Other Intangible assets	4	3,829.66	4,348.68
Intangible assets under development	5	1,590.94	375.25
Financial assets			
i) Investments	6	0.04	0.01
ii) Loans	7	240.61	247.71
iii) Other financial assets	8	520.83	438.15
Deferred tax assets (net)	38	2,040.03	1,586.22
Income tax assets (net)	26	449.24	400.13
Other non-current assets	9	387.61	648.06
Total non-current assets		31,913.49	29,121.17
Current assets			
Inventories	10	11,277.51	9,281.03
Financial assets			
i) Trade receivables	11	9,720.35	8,701.43
ii) Cash and cash equivalents	12	914.47	2,598.87
iii) Bank balances other than (ii) above	13	128.42	104.70
iv) Other financial assets	14	260.03	316.87
Other current assets	15	2,226.56	2,348.51
Total current assets		24,527.34	23,351.41
Total assets		56,440.83	52,472.58
Equity and liabilities			
Equity			
Equity share capital	16	1,808.52	1,808.52
Other equity	17	16,542.32	15,201.36
Equity attributable to owners of the company		18,350.84	17,009.88
Non-controlling interest	58	652.85	536.05
Total equity		19,003.69	17,545.93
Liabilities			
Non-current liabilities			
Financial liabilities			
i) Borrowings	18	6,878.78	8,056.61
ii) Other financial liabilities	19	3,856.20	2,946.03
Provisions	20	561.15	478.80
Deferred tax liabilities (net)	38	673.95	40.30
Other non-current liabilities	21	40.17	44.15
Total non-current liabilities		12,010.25	11,565.89
Current liabilities			
Financial liabilities			
i) Borrowings	22	10,868.40	7,628.20
ii) Trade payables	23		
Total outstanding dues of micro and small enterprises		6.58	-
Total outstanding dues to others		6,846.43	6,217.79
iii) Other financial liabilities	24	5,929.37	6,425.76
Provisions	25	1,124.02	2,081.04
Current tax liabilities (net)	26	177.68	457.25
Other current liabilities	27	474.41	550.72
Total current liabilities		25,426.89	23,360.76
Total liabilities		37,437.14	34,926.65
Total equity and liabilities		56,440.83	52,472.58

The notes referred to above form an integral part of the consolidated financials statements.
As per our report of even date attached.

For B S R & Co. LLP
Firm Registration: 101248W/W-100022
Chartered Accountants

Nirav Patel
Partner
Membership No. 113327

Place: Pune
Date : July 18, 2019
UDIN: 19113327AAAABA2876

For and on behalf of the Board of Directors
CIN - U24231PN1981PLC024251

S.K. Bapat
Director
DIN - 00621568

Sanjay Kumar Chowdhary
Company Secretary
Membership No. A12878

Place: Pune
Date : July 18, 2019

Satish Mehta
Managing Director
DIN - 00118691

Namita Thapar
Whole Time Director &
Chief Financial Officer
DIN - 05318899

Consolidated Statement of Profit and Loss

for the year ended March 31, 2019

Rs. in million

Particulars	Note	Year Ended March 31, 2019	Year Ended March 31, 2018
Revenue:			
Revenue from operations	28	47,171.83	42,364.21
Other income	29	951.35	462.98
Total income		48,123.18	42,827.19
Expenses:			
Cost of materials consumed	30	7,812.08	5,370.47
Purchases of stock-in-trade		11,096.54	8,778.28
Changes in inventories of finished goods, work-in-progress and stock-in-trade	31	(1,321.78)	409.03
Excise duty		-	87.10
Employee benefit expenses	32	10,103.30	8,874.64
Depreciation and amortisation expense	34	2,671.70	2,280.45
Finance cost	35	2,226.56	1,757.28
Other expenses	33	11,993.94	11,176.97
Total expenses		44,582.34	38,734.22
Profit before exceptional items and tax		3,540.84	4,092.97
Exceptional items	36	234.58	1,188.27
Profit before tax		3,306.26	2,904.70
Tax expenses			
Current tax	37	2,125.58	1,231.77
Deferred tax	37	(911.23)	(68.96)
Profit for the year		2,091.91	1,741.89
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of post-employment benefit obligations	50	(14.01)	9.99
Income tax relating to these items	37	4.88	(3.49)
<i>Items that will be reclassified subsequently to profit or loss</i>			
Exchange differences in translating financials statement of foreign operations	17	357.83	63.89
Income tax relating to these items	37	(10.41)	10.41
Total comprehensive income for the year		2,430.20	1,822.69
Profit attributable to:			
Owners of the company		1,950.81	1,750.98
Non-controlling interests (refer note under statement of changes in equity)	58	141.10	(9.09)
Other comprehensive income attributable to:			
Owners of the company		340.37	81.67
Non-controlling interests	58	(2.08)	(0.87)
Total comprehensive income attributable to:			
Owners of the company		2,291.18	1,832.65
Non-controlling interests	58	139.02	(9.96)
Earnings per share:			
Basic	47	10.79	9.68
Diluted		10.79	9.68
[Face value per share: Rs.10 (Previous year: Rs.10)]			

The notes referred to above form an integral part of the consolidated financials statements.
As per our report of even date attached.

For B S R & Co. LLP
Firm Registration: 101248W/W-100022
Chartered Accountants

Nirav Patel
Partner
Membership No. 113327

Place: Pune
Date: July 18, 2019
UDIN: 19113327AAAA2876

For and on behalf of the Board of Directors
CIN -U24231PN1981PLC024251

S.K. Bapat
Director
DIN -00621568

Sanjay Kumar Chowdhary
Company Secretary
Membership No. A12878

Place: Pune
Date: July 18, 2019

Satish Mehta
Managing Director
DIN -00118691

Namita Thapar
Whole Time Director &
Chief Financial Officer
DIN -05318899

Consolidated Statement of Changes In Equity

for the year ended March 31, 2019

Equity share capital	Note	Rs. in million
As at April 1, 2017		1,808.52
Changes in equity share capital	16	-
As at March 31, 2018		1,808.52
Changes in equity share capital	16	-
As at March 31, 2019		1,808.52

Rs. in million

Other equity	Note	Other equity attributable to the owners of the company									Non controlling interest	Total
		Capital reserve	Securities premium	Revaluation reserve	Share options outstanding account	General reserve	Retained earning	Foreign currency monetary item translation reserve	Foreign currency translation reserve	Total		
As at April 1, 2017		12.92	840.37	84.15	139.00	1,657.80	11,287.57	19.23	(34.10)	14,006.93	671.96	14,678.89
Total comprehensive income for the year ended 31 March 2018												
Profit for the year (refer note 2 below)		-	-	-	-	-	1,750.98	-	-	1,750.98	(9.09)	1,741.89
Items of other comprehensive income recognised directly in retained earnings attributable to the owners	17	-	-	-	-	-	7.37	-	-	7.37	(0.87)	6.50
Exchange differences in translating financials statement of foreign operations	17	-	-	-	-	-	-	-	74.30	74.30	-	74.30
		-	-	-	-	-	1,758.35	-	74.30	1,832.65	(9.96)	1,822.69
Transactions with owners, recorded directly in equity												
Dividend paid	17	-	-	-	-	-	(542.57)	-	-	(542.57)	(10.24)	(552.81)
Dividend distribution tax on above	17	-	-	-	-	-	(110.45)	-	-	(110.45)	(2.08)	(112.53)
		-	-	-	-	-	(653.02)	-	-	(653.02)	(12.32)	(665.34)
Others												
Transferred to retained earning	17	-	-	(84.15)	-	-	84.15	-	-	-	-	-
Transferred to statement of profit and loss (net of tax)	17	-	-	-	-	-	-	(19.23)	-	(19.23)	-	(19.23)
Employee share based expense	51	-	-	-	34.02	-	-	-	-	34.02	-	34.02
Options forfeited	17	-	-	-	(10.39)	10.39	-	-	-	-	-	-
		-	-	(84.15)	23.63	10.39	84.15	(19.23)	-	14.79	-	14.79

Consolidated Statement of Changes In Equity

for the year ended March 31, 2019

Other equity	Note	Other equity attributable to the owners of the company								Non controlling interest	Total	
		Capital reserve	Securities premium	Revaluation reserve	Share options outstanding account	General reserve	Retained earning	Foreign currency monetary item translation reserve	Foreign currency translation reserve			Total
Changes in ownership interests in subsidiary												
Loss of control	58	-	-	-	-	-	-	-	-	-	(113.63)	(113.63)
As at March 31, 2018		12.92	840.37	-	162.63	1,668.19	12,477.05	-	40.20	15,201.36	536.05	15,737.41
Total comprehensive income for the year ended 31 March 2019												
Profit for the year		-	-	-	-	-	1,950.81	-	-	1,950.81	141.10	2,091.91
Items of other comprehensive income recognised directly in retained earnings attributable to the owners	17	-	-	-	-	-	(7.05)	-	-	(7.05)	(2.08)	(9.13)
Exchange differences in translating financials statement of foreign operations	17	-	-	-	-	-	-	-	347.42	347.42	-	347.42
		-	-	-	-	-	1,943.76	-	347.42	2,291.18	139.02	2,430.20
Transactions with owners, recorded directly in equity												
Interim dividend on equity Shares	17	-	-	-	-	-	(452.13)	-	-	(452.13)	-	(452.13)
Dividend distribution tax on above	17	-	-	-	-	-	(92.94)	-	-	(92.94)	-	(92.94)
Final dividend on equity shares	17	-	-	-	-	-	(361.70)	-	-	(361.70)	(18.43)	(380.13)
Dividend distribution tax on above	17	-	-	-	-	-	(74.35)	-	-	(74.35)	(3.79)	(78.14)
		-	-	-	-	-	(981.12)	-	-	(981.12)	(22.22)	(1,003.34)
Others												
Employee share based expense	51	-	-	-	52.87	-	-	-	-	52.87	-	52.87
Options forfeited	17	-	-	-	(62.89)	62.89	-	-	-	-	-	-
Income tax on above	17	-	-	-	-	(21.97)	-	-	-	(21.97)	-	(21.97)
		-	-	-	(10.02)	40.92	-	-	-	30.90	-	30.90
As at March 31, 2019		12.92	840.37	-	152.61	1,709.11	13,439.69	-	387.62	16,542.32	652.85	17,195.17

Note :

- The notes referred to above form an integral part of the consolidated financial statements.
- The Group has rectified the opening accumulated balances of non controlling interest through the Statement of Profit and Loss Current Year Rs. Nil (March 31, 2018 Rs. 112.48 million).
- For description of nature and purpose of Reserves refer note 17.

Consolidated Statement of Changes In Equity

for the year ended March 31, 2019

As per our report of even date attached.

For **B S R & Co. LLP**

Firm Registration: 101248W/W-100022

Chartered Accountants

Nirav Patel

Partner

Membership No. 113327

Place: Pune

Date : July 18, 2019

UDIN: 19113327AAAAA2876

For and on behalf of the Board of Directors

CIN -U24231PN1981PLC024251

S.K. Bapat

Director

DIN -00621568

Sanjay Kumar Chowdhary

Company Secretary

Membership No. A12878

Place: Pune

Date : July 18, 2019

Satish Mehta

Managing Director

DIN -00118691

Namita Thapar

Whole Time Director &

Chief Financial Officer

DIN -05318899

Consolidated Cash Flow Statement

for the year ended March 31, 2019

Rs. in million

Particulars	March 31, 2019	March 31, 2018
Cash flows from operating activities:		
Profit before tax	3,306.26	2,904.70
Adjustment for:		
Depreciation and amortisation	2,671.70	2,280.45
Unrealised exchange loss / (gain) including loss/(gain) on translation of foreign operations	319.29	(78.98)
Finance costs	1,958.17	1,524.36
Employee share-based payment expense	52.87	34.02
Interest income from banks and others	(25.22)	(8.19)
Income arising from government grant	(19.23)	(44.04)
Finance cost on account of unwinding of discount on note payable and preference shares	268.39	232.92
Loss on sale of property, plant and equipments	(24.36)	65.07
Loss on mark to market of forward contracts	-	17.68
Gain on sale of investment	-	(0.88)
Impairment of Goodwill	9.30	-
Stock appreciation rights liability written back	(1,238.52)	-
Loss on sale of investment	-	85.69
	7,278.65	7,012.80
Working capital adjustments:		
- (Increase)/decrease in inventories	(1,996.48)	652.72
- Increase in trade receivables	(1,018.92)	(2,371.05)
- (Increase)/decrease in other financial assets	(94.66)	31.02
- Decrease/(increase) in other assets	146.42	(1,355.01)
- Increase in trade payables	635.22	1,209.20
- Increase in other financial liabilities	548.00	188.92
- Decrease in other liabilities	(61.06)	(97.98)
- Increase in provisions	349.84	77.25
	(1,491.64)	(1,664.93)
Cash generated from operating activities	5,787.01	5,347.87
Income tax paid (net of refunds)	(1,344.63)	(524.73)
Net cash generated from operating activities (A)	4,442.38	4,823.14
Cash flows from investing activities		
Acquisition of property, plant and equipment, intangible assets, capital work-in-progress and intangible assets under development	(4,169.92)	(4,154.45)
Proceeds from sale of property, plant and equipment	114.95	125.59
Purchase consideration paid on acquisition of subsidiary, net of cash acquired	(40.29)	(37.98)
Proceeds from sale of joint venture	-	4.08
Interest received from banks and others	24.93	8.08
Sale of investment in subsidiary (net of cash and cash equivalent of Rs. 127.09 million of the subsidiary at the time of disposal)	-	(127.09)
Deposits placed (net of amounts matured)	(15.96)	(81.75)
Net cash used in investing activities (B)	(4,086.29)	(4,263.52)
Cash flows from financing activities		
Repayment of long-term borrowings (refer note 1 and 2 below)	(7,157.74)	(4,992.27)
Proceeds from long-term borrowings (refer note 1 below)	4,888.29	3,682.78
Proceeds from short-term borrowing (net)	(2,083.17)	2,737.57
Interest paid (refer note 3)	(1,994.84)	(1,447.77)
Interim dividend paid (and related dividend distribution tax)	(545.07)	(326.51)
Final dividend paid (and related dividend distribution tax)	(436.05)	(326.51)
Dividend paid to non controlling interest (and related dividend distribution tax)	(22.22)	(12.32)
Net cash used in financing activities (C)	(7,350.80)	(685.03)
Net decrease in cash and cash equivalents (A+B+C)	(6,994.71)	(125.41)
Cash and cash equivalent as at 1 April (refer below)	586.49	711.60
Effect of exchange rate fluctuations on cash and cash equivalent	(1.42)	0.30
Cash and cash equivalent as at March 31	(6,409.64)	586.49

Consolidated Cash Flow Statement

for the year ended March 31, 2019

Particulars	March 31, 2019	March 31, 2018
Breakup of cash and cash equivalent as at March 31		
Cash on hand	1.15	1.53
Balances with bank in current accounts	907.77	2,584.53
Demand deposits (with original maturity of less than 3 months)	5.55	12.81
Bank overdrafts used for cash management purpose	(7,324.11)	(2,012.38)
Total cash and cash equivalent*	(6,409.64)	586.49

* Cash and cash equivalent includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Rs. in million

Changes in liabilities arising from financing activities	March 31, 2019	March 31, 2018
Long term borrowings:		
Opening balance	12,256.04	13,444.55
Amount borrowed during the year	4,888.29	3,682.78
Amount repaid during the year	(7,157.74)	(4,992.27)
Others (includes foreign exchange differences on translation of subsidiaries, transaction cost, etc.)	513.27	120.98
Closing balance	10,499.86	12,256.04
Finance cost:		
Opening balance	59.58	63.44
Finance cost incurred during the year	2,226.56	1,757.28
Amount paid during the year	(1,994.84)	(1,447.77)
Finance cost on account of unwinding of discount on note payable and preference shares	(268.39)	(232.92)
Others (includes foreign exchange differences on translation of subsidiaries, transaction cost, etc.)	21.79	(80.45)
Closing balance	44.70	59.58

Notes to the cash flow statement:

1. Amount includes swap of loan with other banks amounting to Rs. 1,754.55 million (March 31, 2018 Rs. Nil).
2. This includes prepayment of term loan amounting to Rs. 774.07 million (March 31, 2018: Rs. 1,196.06 million).
3. Includes interest expense of Rs. 25.32 million (March 31, 2018 Rs. 49.35 million) which have been capitalised in accordance with Ind AS 23, Borrowing Costs.

The notes referred to above form an integral part of the consolidated financials statements.

As per our report of even date attached.

For **B S R & Co. LLP**
Firm Registration: 101248W/W-100022
Chartered Accountants

Nirav Patel
Partner
Membership No. 113327

Place: Pune
Date : July 18, 2019
UDIN: 19113327AAAABA2876

For and on behalf of the Board of Directors
CIN -U24231PN1981PLC024251

S.K. Bapat
Director
DIN -00621568

Sanjay Kumar Chowdhary
Company Secretary
Membership No. A12878

Place: Pune
Date : July 18, 2019

Satish Mehta
Managing Director
DIN -00118691

Namita Thapar
Whole Time Director &
Chief Financial Officer
DIN -05318899

Notes to the consolidated financial statements

For the year ended March 31, 2019

1A. General information:

Emcure Pharmaceuticals Limited, the parent company ("the Holding company") is a public limited company incorporated and domiciled in India. The Holding company is engaged in developing, manufacturing and marketing a broad range of pharmaceutical products globally. The Holding company's core strength lies in developing and manufacturing differentiated pharmaceutical products in-house, which are commercialised through its marketing infrastructure across geographies and business relationships with multi-national pharmaceutical companies.

The consolidated financial statements comprise the financial statements of the Holding Company and the following subsidiaries/ step down subsidiaries (together referred to as "Group").

Name of subsidiaries	Percentage of Holding (%)	Country of incorporation
Direct subsidiaries		
Gennova Biopharmaceuticals Limited	87.95%	India
Zuventus Healthcare Limited	79.58%	India
Emcure Nigeria Limited	100%	Nigeria
Emcure Pharmaceuticals Mena FZ LLC.	100%	UAE
Emcure Pharmaceuticals South Africa (Pty) Limited	100%	South Africa
Emcure Brasil Farmaceutica Ltda	100%	Brazil
Heritage Pharma Holdings Inc.	100%	USA
Emcure Pharma UK Ltd	100%	United Kingdom
Emcure Pharma Peru S.A.C.	100%	Peru
Emcure Pharma Mexico S.A. DE C.V.	100%	Mexico
Emcure Pharmaceuticals Pty Ltd	100%	Australia
Marcan Pharmaceuticals Inc.	100%	Canada
Step down subsidiaries *		
Heritage Pharma Labs Inc.	100%	USA
Heritage Pharmaceuticals Inc.	100%	USA
Tillomed Laboratories Ltd	100%	United Kingdom
Tillomed Holdings Limited **	100%	United Kingdom
Tillomed Pharma GmbH	100%	Germany
Laboratories Tillomed Spain S.L.U.	100%	Spain
Tillomed Italia S.R.L.	100%	Italy
Emcure NZ Limited	100%	New Zealand
Tillomed France SAS	100%	France
Hacco Pharma Inc.	100%	USA

* Effective holding % of the Company through its subsidiaries.

** Tillomed Holdings Ltd UK has been dissolved subsequently on April 16, 2019.

1B. Basis of preparation

a) Basis of preparation

i. Statement of compliance

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

The consolidated financial statements were authorised for issue by the Holding company's Board of Directors on July 18, 2019.

Details of the Group's accounting policies are included in Note 1C.

b) Functional and presentation currency

The consolidated financial statements are presented in Indian Rupees (Rs.), which is also the Holding company's functional currency. All the amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest million, unless otherwise indicated.

c) Basis of Measurement

The consolidated financial statements are prepared under the historical cost convention except for the following items:

Notes to the consolidated financial statements

For the year ended March 31, 2019

Items	Measurement Basis
Certain Financial assets and liabilities	Fair value
Liabilities for equity settled share based payment arrangements	Fair value
Contingent consideration in business combination	Fair value
Net defined benefit (asset) / liability	Fair value of plan assets less present value of defined benefit obligations

d) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumptions and estimations uncertainties that have a significant risk resulting in a material adjustment in the year ending 31 March 2019 is included in following notes:

Note 1C. d) Useful lives of property, plant, equipment and intangibles;

Note 1C. d) Useful lives of intangible assets;

Note 1C. a) Valuation of assets acquired as a part of business combination and contingent consideration;

Note 25) - recognition and measurement of provisions and contingencies : key assumptions about the likelihood and magnitude of an outflow of resources;

Note 38 - recognition of deferred tax assets: availability of future taxable profit against which tax credit can be used;

Note 1C (i) - Sales return, rebates and chargebacks;

Note 50 - measurement of defined benefit obligations: key actuarial assumptions.

e) Measurement of fair values

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

The Group has an established control framework with respect to the measurement of fair values. This includes a team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Head of Treasury .

The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

- Note 42 – financial instruments;
- Note 51 – share-based payment arrangements.

f) Current versus non current classification:

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the Group's normal operating cycle;
- it is held for the purpose of being traded;
- it is expected to be realized within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current assets / non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Group's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be settled within 12 months after the reporting date; or
- the Group does not have any unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current liabilities include the current portion of non-current liabilities / non-current financial liabilities. All other liabilities are classified as non-current.

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

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalent. The operating cycle of the Group is less than 12 months.

Notes to the consolidated financial statements

For the year ended March 31, 2019

1C. Significant accounting policies

a) Basis of consolidation

The Group consolidates all entities which it controls. Control is established when the Group has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has ability to affect the entity's returns by using its power over the entity.

Subsidiaries are consolidated from the date control commences and until the date control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

i. Business combinations

Business Combinations are accounted for using the acquisition method of accounting. Transaction costs incurred in connection with business combination are expensed out in statement of profit and loss. The identifiable assets and liabilities that meet the condition for recognition is recognized at their fair values at the acquisition date.

In case of bargain purchase where the fair value of identifiable assets and liabilities exceed the cost of acquisition, the excess is recognised in other comprehensive income on the acquisition date and accumulate the same in equity as capital reserve after reassessing the fair values of the net assets and contingent liabilities.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise subsequent changes in the fair value of the contingent consideration are recognised in the statement of profit and loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries.

Business combinations arising from transfers of interests in entities that are under the common control are accounted for using the pooling of interests method. The assets and liabilities of the combining entities are reflected at their carrying amounts and no

adjustments are made to reflect their fair values or recognise any new assets or liabilities. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in capital reserve and presented separately from other capital reserves with disclosure of its nature and purpose.

If a business combination is achieved in stages, any previously held equity interest in the acquiree is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

ii. Goodwill

Goodwill represents the excess of the consideration paid to acquire a business over underlying fair value of the identified assets acquired. Goodwill is carried at cost less accumulated impairment losses, if any. Goodwill is deemed to have an indefinite useful life and is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs) that is expected to benefit from the synergies of the combination. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

iii. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

iv. Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

v. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in profit or loss.

vi. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Foreign Currency Transaction, translation and foreign operation

Transaction in foreign currencies are translated into the respective functional currencies of the Group at the exchange rates at the dates of transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

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(continued) For the year ended March 31, 2019

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into functional currency at exchange rate when the fair value was determined. Exchange difference are recognised in statement of profit and loss, except exchange differences arising from the translation of the following items which are recognised in OCI/property, plant and equipment and intangible assets:

i. Translation of long term foreign currency monetary items pertaining to period prior to transition to Ind AS and are related to purchase of property, plant and equipment and intangible assets (refer note 2).

ii. Foreign operations

Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. Statement of profit and loss has been translated using average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in the other comprehensive income.

c) Financial instruments

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets

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

- amortised cost; or
- Fair value through profit and loss (FVTPL)

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policy and objectives for the portfolio and the operation of those policies in practice.

These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial asset to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of asset;

- How the performance of portfolio is evaluated and reported to the Group's management;

- The risk that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- How managers of business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of financial asset on initial recognition. 'Interest' is defined as consideration for time value of money and for credit risk associated with the principal amount outstanding during a particular period of time and other basic leading risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;

- term that would adjust the contractual rate, including variable interest rate features;

- prepayment and extension features; and

- term that limits the Group's claim to cash flows for specified assets (e.g. non-recourse features).

Notes to the consolidated financial statements

For the year ended March 31, 2019

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amount of principal and interest on principal amount outstanding, which may include reasonable additional compensation for early termination of contract. Additionally, for a financial asset acquired on a significant premium or discount to its contractual par amount, a feature that permits or require prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is significant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

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

iii. Derecognition

Financial assets

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

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

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms

are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

d) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimate costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separated items (major components) of property, plant and equipment.

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

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefit associated with the expenditure will flow to Group.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight line method, and is generally recognised in the statement of profit and loss.

Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Depreciation is provided on pro-rata basis using the straight-line method over the estimated useful lives of the assets prescribed under Schedule II to the Companies Act 2013 except for the following:

- Furniture and fixtures at leasehold premises are depreciated over the lease period.
- Vehicles are depreciated over 5 years, as per technical evaluation.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives represents the period over which the management expects to use these assets.

Depreciation on additions (disposals) during the year is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

Notes to the consolidated financial statements

For the year ended March 31, 2019

e) Intangible assets

- Intangible assets

i. Initial recognition:

Intangible assets acquired separately are measured at cost of acquisition. Intangible assets acquired under business combination are measured at fair value as of the date of business combination. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefit associated with the expenditure will flow to Group.

iii. Amortisation

Intangible assets are amortized over their respective estimated useful life using straight-line method. The estimated useful life of amortizable intangibles is reviewed at the end of each reporting period and change in estimates if any are accounted for on a prospective basis.

The estimated useful lives are as follows:

Intangible Asset	Management estimated useful life
Product Development, Abbreviated New Drug Applications (ANDAs)	5 to 10 years
Customer relationships	5 years
Brands acquired	5 to 10 years
Software, License rights	2 to 10 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

- Intangible Assets under Development

Intangible assets under development are initially recognized at cost. Such intangible assets are subsequently capitalized only if it is probable that the future economic benefit associated with the expenditure will flow to the Group.

The Group irrespective of whether there is any indication of impairment, test an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. The recoverable amount is the higher of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of the intangible asset not yet available for use exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on weighted average formula, and includes expenditure incurred in acquiring the inventories, production or conversion cost and other cost incurred in bringing them to their present location and condition. In case of manufactured inventory and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expense.

The net realisable value of work-in-progress is determined with reference to the selling price of related finished products.

Raw materials, components and other supplies held for use in production of finished products are not written down below cost except in cases where material price have declined and it is estimated that the cost of finished products will exceed their net realizable value.

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

The Group considers various factors like shelf life, ageing of inventory, product discontinuation, price changes and any other factor which impact the Group's business in determining the allowance for obsolete, non-saleable and slow moving inventories. The Group considers the above factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

g) Impairment

i. Impairment of financial instruments

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit - impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on estimated future cash flows of financial assets have occurred.

Evidence that a financial asset is credit impaired includes the following observed data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being overdue for a period of more than 12 months from the credit term offered to the customer;
- the restructuring of loan or advance by the Company on the terms that the Company would not consider otherwise;
- it is probable that borrower will enter bankruptcy or the financial reorganization;
- the disappearance of active market for a security because of financial difficulties.

In accordance with Ind-AS 109, the Group applies expected credit loss ("ECL") model for measurement and recognition of impairment loss. The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets the Group recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date, the credit risk has not increased significantly since its original recognition. However, if credit risk has increased significantly, lifetime ECL is used.

ECL impairment loss allowance (or reversal) recognized in the statement of profit and loss.

When determining whether the credit risk of financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without

Notes to the consolidated financial statements

For the year ended March 31, 2019

undue cost of effort. This includes both quantitative and qualitative information and analysis based on Group's historical experience and informed credit assessment and including forward - looking information.

The Group considers financial asset to be in default when:

- a. The borrower is unlikely to pay its credit obligation to the Group in full, without recourse by the Group to action such as realising security (if any is held); or
- b. The financial asset is 360 days or more past due.

Measurement of expected credit loss

Expected credit loss are probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flow that the Group expects to receive).

Presentation of allowance of expected credit losses in the balance sheet

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write – off

The Gross carrying amount of financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when Group determines that the debtor does not have asset or source of income that could generate sufficient cash flows to repay the amount subject to write-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with Group's procedures for recovery of amounts due.

ii. Impairment of non-financial asset

The Group's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Group's corporate assets (e.g. central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill

CGUs to which goodwill has been allocated are tested for impairment annually or more frequently when there is indication for impairment. If the recoverable amount of a CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Determination of recoverable amount of CGU requires the management to estimate the future cash flows expected to arise and a suitable discount rate in order to calculate the present value. An impairment loss recognised for goodwill is not reversed in subsequent periods.

h) Employee benefits

i. Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

ii. Share-based payment transactions

Share-based payment are provided to employees via the Group's Employees Stock Option Plan ("Emcure ESOS 2013").

The Group accounts for the share based payment transactions as equity settled.

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

The Group also grants the options to the employees of its subsidiaries for which subsidiary does not have an obligation to settle the share based payment transaction. Total expense for such options issued to employees of subsidiary is recognised as an expense and corresponding increase in share options outstanding account.

iii. Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in statement of profit or loss in the periods during which the related services are rendered by employees.

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Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

iv. **Defined benefit plan**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results is a potential asset for the Group, the recognised asset is limited to the present value of economic benefit available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of the plan are changed or when plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gain and losses on the settlement of a defined benefit plan when the settlement occurs.

v. **Stock Appreciation Rights (SAR's)**

Stock Appreciation Rights (SAR's) are provided to certain senior executives level employees of the Group. Payout related to these SAR's is dependent on the achievement of the defined EBITDA level by the wholly own subsidiary of the Parent. As the final payout is not based on the subsidiary's share price these SAR's are not within the scope of Ind AS 102 and hence the payment is an employee benefit expense which is accounted for under Ind AS 19 'Employee Benefits'. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

The Group's liability in respect of other long-term employee benefits (compensated absences) is the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the Projected Unit Credit method. Remeasurement gains or losses are recognised in profit or loss in the period in which they arise.

vi. **Other long term employee benefit**

The Group's liability in respect of other long-term employee benefits (compensated absences) is the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual

independent actuarial valuation using the Projected Unit Credit method. Remeasurement gains or losses are recognised in profit or loss in the period in which they arise.

i) **Provisions (other than for employee benefits), Contingent liabilities and contingent assets**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

i. **Sales returns and breakage expiry**

When a customer has a right to return the product within a given period, the Group has recognised a provision for returns. The provision is measured equal to the value of the sales expected to return in the future period. Revenue is adjusted for the expected value of the returns and cost of sales are adjusted for the value of the corresponding goods to be returned.

The Group has an obligation to replace the goods which will expire. The Group has recognised a provision for the returns due to expiry. The provision is measured on the basis of historical trend of expiry against the sales occurred in the current and earlier period. Management considers the sales value for the periods which are equivalent to average general shelf life of products. Revenue is adjusted for the expected value of the returns.

ii. **Contingencies**

Provision in respect of loss contingencies relating to claims, litigations, assessments, fines, penalties, etc. are recognized when it is probable that a liability has been incurred, and the amount can be estimated reliably.

iii. **Contingent liabilities and contingent assets**

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefit will arise, the asset and related income are recognized in the period in which the change occurs. A contingent asset is disclosed, where an inflow of economic benefits is probable.

j) **Revenue (Pursuant to Ind AS 115 - 'Revenue from contract with customers' coming into force in the current reporting period) (Refer note 55)**

Revenue is measured based on the consideration specified in a contract with a customer. Consideration is allocated to each performance obligation specified in the contract. The Group recognises revenue pertaining to each performance obligation when it transfers control over

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For the year ended March 31, 2019

a product to a customer, which is adjusted for expected refunds, which are estimated based on the historical data, adjusted as necessary.

The consideration can be fixed or variable. Where the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which the Group will be entitled in exchange for transferring the promised goods or services to a customer. Variable consideration is only recognised when it is highly probable that a significant reversal will not occur.

The Group recognises refund liability where the Group receives consideration from a customer and expects to refund some or all of that consideration to the customer. The refund liability is measured at the amount of consideration received (or receivable) for which the entity does not expect to be entitled (i.e. amounts not included in the transaction price).

In the comparative period, the revenue was recognised as per the following accounting policy (As per Ind AS 18 - 'Revenue'):

Sale of goods

Revenue from sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal credit terms. Revenue is recognised when the significant risk and rewards of ownership of goods have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably. The timing of transfers of risks and rewards varies depending on the individual terms of sale.

Rendering of services (other than sale of technology / know-how, rights, licenses and other intangibles)

Revenue from rendering of services is recognised in statement of profit and loss by reference to percentage completion method. The Group is involved in rendering services related to its products to its customers. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services.

Rendering of services - sale of technology / know-how, rights, licenses and other intangibles

Income from sale of technology / know-how, rights, licenses and other intangibles is recognised in accordance with the terms of the contract with customers when the related performance obligation is completed, or when risks and rewards of ownership are transferred, as applicable.

Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation.

k) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other operating revenue on a systematic basis.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other operating revenue on a systematic basis in the periods in which such expenses are recognised.

l) Leases

i. Assets held under leases

Leases of property, plant and equipment that transfer to the Group substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Group substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Group's Balance Sheet.

ii. Lease Payments

Payments made under operating leases are generally recognised in statement of profit and loss on straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on remaining balance of the liability.

m) Recognition of interest income or expenses

Interest income is recognised using effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of financial instrument to:

- The gross carrying amount of the financial assets; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

n) Income tax

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

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss of the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Notes to the consolidated financial statements

For the year ended March 31, 2019

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

o) Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

p) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprises cash at bank 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.

q) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of the Group are identified as Chief operating decision maker. Refer note 48 for segment information.

r) Earnings per share

The basic earnings per share is computed by dividing the net profit / (loss) after tax attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period.

Diluted earnings per share is computed by dividing the net profit / (loss) after tax attributable to the equity shareholders for the period by the

weighted average number of equity and equivalent dilutive equity shares outstanding during the reporting period, except where the results would be anti-dilutive.

s) Exceptional item

In certain instances, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Group is such that its disclosure improves the understanding of the performance of the Group, such income or expenses is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the consolidated financial statements.

t) Cash flow statement

Cash flow are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated. For the purpose of cash flow statement bank overdraft that are repayable on demand are considered as cash and cash equivalent as it form an integral part of the Group's cash management.

u) Rounding of amounts

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

v) Research and development

Revenue expenditure on research and development activities is recognized as expense in the period in which it is incurred.

Note 1D. Recent accounting pronouncements

Standards issued but not yet effective :

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS which the Group has not applied as they are effective from 01 April 2019:

Ind AS - 116

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The amendment is effective for annual periods beginning on or after 01 April 19. The Group is in the process of evaluating the impact of this amendment on the consolidated financial statements.

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Group does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses,

Notes to the consolidated financial statements

For the year ended March 31, 2019

unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Group does not expect any significant impact of the amendment on its consolidated financial statements.

Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Group does not expect any significant impact of the amendment on its consolidated financial statements.

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group

does not expect any significant impact of the amendment on its consolidated financial statements.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Group does not expect any significant impact of the amendment on its consolidated financial statements.

Ind AS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Group does not currently have any long-term interests in associates and joint ventures and hence does not expect any impact from this amendment.

Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Group does not have control / joint control / joint control of a business that is a joint operation and hence does not expect any impact from this amendment.

Notes to the consolidated financial statements

For the year ended March 31, 2019

Rs. in million

Note 2 - Property, plant and equipment	Gross book value					Accumulated depreciation					Net book value
	April 1, 2018	Additions during the year	Deletion during the year	Exchange difference on translation of foreign operations	March 31, 2019	April 1, 2018	Charge for the year	Deletion during the year	Exchange difference on translation of foreign operations	March 31, 2019	March 31, 2019
Freehold land	27.45	-	-	-	27.45	-	-	-	-	-	27.45
Leasehold land	928.66	4.79	-	-	933.45	20.96	10.23	-	-	31.19	902.26
Leasehold improvements	1,554.28	85.64	-	104.91	1,744.83	131.60	236.61	-	7.25	375.46	1,369.37
Building	2,919.29	1,297.47	-	-	4,216.76	274.18	113.77	-	-	387.95	3,828.81
Plant and machinery	8,721.99	1,869.80	30.46	45.91	10,607.24	2,543.99	1,001.83	12.79	20.08	3,553.11	7,054.13
Electrical installation	495.35	182.74	0.20	-	677.89	182.94	66.66	0.09	-	249.51	428.38
Air handling equipment	762.18	144.42	4.57	-	902.03	186.90	83.32	2.82	-	267.40	634.63
Computers	339.39	134.06	1.39	6.23	478.29	166.26	92.26	0.96	4.36	261.92	216.37
Office equipment	138.11	39.02	0.36	1.86	178.63	67.75	26.98	0.22	1.02	95.53	83.10
Furniture and fixtures	250.77	105.94	0.11	1.56	358.16	83.53	32.58	0.01	0.87	116.97	241.19
Vehicles	195.78	22.04	11.26	7.87	214.43	88.41	36.82	9.32	7.70	123.61	90.82
Total	16,333.25	3,885.92	48.35	168.34	20,339.16	3,746.52	1,701.06	26.21	41.28	5,462.65	14,876.51

Notes:

- Gain arising from the effect of changes in foreign exchange rates on foreign currency loans relating to acquisition of depreciable capital assets, amounting to Rs. 51.75 million (March 31, 2018 gain of Rs. 1.01 million) relating to eligible assets for the year ended March 31, 2019, have been added to the cost of such assets.
- The effect of changes in foreign currency exchange rates on foreign currency translation on gross block of capital assets, amounting to Rs. 168.34 million (March 31, 2018 - gain of Rs. 55.07 million) relating to eligible assets for the year ended March 31, 2019, have been added to the cost of such assets and on accumulated depreciation, amounting to Rs. 41.28 million (March 31, 2018 - gain of Rs. 2.99 million) relating to eligible assets for the year ended March 31, 2019, have been added to the accumulated depreciation of such assets.
- The borrowing cost capitalised on qualifying assets amounting to Rs. 25.32 million (March 31, 2018 - Rs. 49.35 million) have been added to the cost of such assets and capital work in progress.
- The capitalisation rate used to determine the amount of borrowing costs to be capitalised in the case of term loan is in the range of 5.66% to 10.15% (March 31, 2018 - 4.70% to 10.40%) and working capital loan @7.91% (March 31, 2018 - 8.46%).

Refer note 56 for information on property, plant and equipment pledged as security by the group.

Rs. in million

Note 2 - Property, plant and equipment	Gross book value					Accumulated depreciation					Net book value		
	April 1, 2017	Additions during the year	Deletion during the year	Acquisitions (Refer note 54)	Exchange difference on translation of foreign operations	March 31, 2018	April 1, 2017	Charge for the year	Deletion during the year	Acquisitions (Refer note 54)	Exchange difference on translation of foreign operations	March 31, 2018	March 31, 2018
Freehold land	20.52	6.93	-	-	-	27.45	-	-	-	-	-	-	27.45
Leasehold land	808.72	189.45	78.21	-	8.70	928.66	16.35	4.61	-	-	-	20.96	907.70
Leasehold improvements	413.99	1,144.43	5.47	-	1.33	1,554.28	80.23	58.80	4.90	-	(2.53)	131.60	1,422.68
Building	3,029.66	149.11	291.94	-	32.46	2,919.29	170.11	120.31	18.20	-	1.96	274.18	2,645.11
Plant and machinery	7,737.18	1,071.00	91.70	-	5.51	8,721.99	1,593.71	998.94	51.56	-	2.90	2,543.99	6,178.00
Electrical installation	449.67	46.27	0.59	-	-	495.35	165.91	17.53	0.50	-	-	182.94	312.41

Notes to the consolidated financial statements

For the year ended March 31, 2019

Note 2 - Property, plant and equipment	Gross book value						Accumulated depreciation						Net book value
	April 1, 2017	Additions during the year	Deletion during the year	Acquisitions (Refer note 54)	Exchange difference on translation of foreign operations	March 31, 2018	April 1, 2017	Charge for the year	Deletion during the year	Acquisitions (Refer note 54)	Exchange difference on translation of foreign operations	March 31, 2018	March 31, 2018
Air handling equipment	618.58	144.73	1.13	-	-	762.18	141.00	46.43	0.53	-	-	186.90	575.28
Computers	261.75	76.85	0.08	0.42	0.45	339.39	94.24	73.16	1.60	0.18	0.28	166.26	173.13
Office equipment	108.74	36.02	8.66	-	2.01	138.11	46.87	25.07	4.98	-	0.79	67.75	70.36
Furniture and fixtures	227.54	40.26	22.01	0.19	4.79	250.77	56.24	33.51	5.86	0.04	(0.40)	83.53	167.24
Vehicles	175.21	33.52	12.77	-	(0.18)	195.78	67.09	38.02	16.69	-	(0.01)	88.41	107.37
Total	13,851.56	2,938.57	512.56	0.61	55.07	16,333.25	2,431.75	1,416.38	104.82	0.22	2.99	3,746.52	12,586.73

Rs. in million

Note 3 - Capital in work in progress	April 1, 2018	Additions	Capitalised	Exchange difference on translation of foreign operations	March 31, 2019
Capital in work in progress	4,935.03	2,420.33	3,150.23	12.48	4,217.61
Total	4,935.03	2,420.33	3,150.23	12.48	4,217.61

Notes:

- The capital work in progress at the year end mainly consists of plant and machinery, building and other assets pertaining to various projects / plants, expansion of existing facilities, etc.
- The effect of changes in foreign currency exchange rates on foreign currency translation on gross block capital assets, amounting to Rs 12.48 million (March 31, 2018: Rs. (4.08) million) relating to eligible assets for the year ended March 31, 2019, have been added to the cost of such assets in Capital work in progress.

Rs. in million

Note 3 - Capital in work in progress	April 1, 2017	Additions during the Year	Capitalised during the Year	Exchange difference on translation of foreign operations	March 31, 2018
Capital in work in progress	3,851.88	3,273.49	2,186.26	(4.08)	4,935.03
Total	3,851.88	3,273.49	2,186.26	(4.08)	4,935.03

Rs. in million

Note 4 - Other Intangible assets	Gross book value					Accumulated amortisation					Net book value
	April 1, 2018	Additions during the Year	Disposal during the Year	Exchange difference on translation of foreign operations	March 31, 2019	April 1, 2018	Charge for the year	Disposal during the Year	Exchange difference on translation of foreign operations	March 31, 2019	March 31, 2019
Brands	1,309.87	18.05	-	9.17	1,337.09	388.40	156.08	-	2.02	546.50	790.59
Software	309.08	132.72	0.04	0.74	442.50	198.89	78.61	0.02	0.56	278.04	164.46
Licensing Rights	1,357.00	42.18	41.93	63.86	1,421.11	368.33	161.86	41.93	16.46	504.72	916.39
Product Development	24.39	-	-	0.69	25.08	4.60	1.62	-	0.15	6.37	18.71
Customer relationships	1,575.66	-	-	71.39	1,647.05	761.57	332.44	-	31.47	1,125.48	521.57
Product pipeline	168.67	-	-	7.64	176.31	40.75	17.78	-	1.69	60.22	116.09
Abbreviated new drug application's	1,713.91	82.49	-	94.63	1,891.03	347.36	222.25	-	19.57	589.18	1,301.85
Total	6,458.58	275.44	41.97	248.12	6,940.17	2,109.90	970.64	41.95	71.92	3,110.51	3,829.66

Notes to the consolidated financial statements

For the year ended March 31, 2019

Note:

- The effect of changes in foreign currency exchange rates on foreign currency translation on gross block capital assets, amounting to Rs. 248.12 million (March 31, 2018: Rs. 184.67 million) relating to eligible assets for the year ended March 31, 2019, have been added to the cost of such assets and on accumulated depreciation, amounting to loss of Rs. 71.92 million (March 31, 2018: Rs.40.19 million) relating to eligible assets for the year ended March 31, 2019, have been added to the accumulated depreciation of such assets.

Rs. in million

Note 4 - Other Intangible assets	Gross book value					Accumulated amortisation					Net book value
	April 1, 2017	Additions during the Year	Disposal during the Year	Exchange difference on translation of foreign operations	March 31, 2018	April 1, 2017	Charge for the year	Disposal during the Year	Exchange difference on translation of foreign operations	March 31, 2018	March 31, 2018
Brands	1,169.31	133.48	-	7.08	1,309.87	237.34	149.96	-	1.10	388.40	921.47
Software	237.37	70.25	-	1.46	309.08	133.97	64.10	-	0.82	198.89	110.19
Licensing Rights	1,415.61	35.30	139.15	45.24	1,357.00	309.79	171.55	120.55	7.54	368.33	988.67
Product Development	23.85	-	-	0.54	24.39	3.00	1.52	-	0.08	4.60	19.79
Customer relationships	1,520.53	-	-	55.13	1,575.66	430.82	313.67	-	17.08	761.57	814.09
Product pipeline	162.77	-	-	5.90	168.67	23.05	16.79	-	0.91	40.75	127.92
Abbreviated new drug application's	1,363.49	306.58	25.48	69.32	1,713.91	188.22	146.48	-	12.66	347.36	1,366.55
Total	5,892.93	545.61	164.63	184.67	6,458.58	1,326.19	864.07	120.55	40.19	2,109.90	4,348.68

Rs. in million

Note 5 - Intangible assets under development	April 1, 2018	Additions during the Year	Capitalised during the Year	Exchange difference on translation of foreign operations	March 31, 2019
Intangible assets under development	375.25	1,303.97	110.57	22.29	1,590.94
Total	375.25	1,303.97	110.57	22.29	1,590.94

Note:

- The effect of changes in foreign currency exchange rates on foreign currency translation on Intangible under development, amount to Rs. 22.29 million (March 31, 2018: Rs. 4.95 million) in relation to eligible assets for the year ended March 31, 2019.
- Intangible assets under development at the year end mainly consist of abbreviated new drug application and other intangible assets under development."

Rs. in million

Note 5 - Intangible assets under development	April 1, 2017	Additions during the Year	Capitalised during the Year	Exchange difference on translation of foreign operations	March 31, 2018
Intangible assets under development	544.52	124.67	298.89	4.95	375.25
Total	544.52	124.67	298.89	4.95	375.25

Rs. in million

Note 6 - Non-current investments	March 31, 2019	March 31, 2018
Investment in government securities		
Unquoted- valued at amortised cost		
National Savings Certificates	0.04	0.01
Aggregate value of unquoted Investments	0.04	0.01

Rs. in million

Note 7 Loans	March 31, 2019	March 31, 2018
Unsecured considered good (unless otherwise stated)		
Security deposits	240.61	247.71
Total	240.61	247.71

Notes to the consolidated financial statements

For the year ended March 31, 2019

Rs. in million

Break-up of security details	March 31, 2019	March 31, 2018
Loans considered good - Secured	-	-
Loans considered good - Unsecured	240.61	247.71
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	240.61	247.71
Less: Loss allowance	-	-
Total	240.61	247.71

Rs. in million

Note 8 Other non-current financial assets	March 31, 2019	March 31, 2018
Unsecured considered good (unless otherwise stated)		
Term deposits with banks having remaining maturity period of more than 12 months (refer note below)	84.63	92.39
Insurance claim	416.20	325.76
Deposit with Provident Fund authority	20.00	20.00
Total	520.83	438.15

Note: Held as lien for issuing bank against bank guarantees and others.

Rs. in million

Note 9 Other non-current assets	March 31, 2019	March 31, 2018
Unsecured considered good (unless otherwise stated)		
Capital advances	247.79	483.77
Prepaid expenses	0.30	61.77
Balances with government authorities	139.52	102.52
Total	387.61	648.06

Rs. in million

Note 10 Inventories	March 31, 2019	March 31, 2018
Raw materials [includes in transit Rs. 67.76 million (March 31, 2018 - Rs. 27.94 million)]	2,918.48	2,299.01
Packing materials [includes in transit Rs.22.21 million (March 31, 2018 - Rs. 8.25 million)]	565.53	531.65
Work-in-progress	1,113.26	763.83
Finished goods	1,429.28	1,378.84
Stock-in-trade [includes in transit Rs 1,321.47 million (March 31, 2018 - Rs. 493.08 million)]	5,041.87	4,119.96
Stores and spares [includes in transit - Nil (March 31, 2018 - 0.80 million)]	209.09	187.74
Total	11,277.51	9,281.03

Notes :

1. Amounts recognised in statement of profit or loss

Write-down of inventories amount to Rs. 693.92 million (March 31, 2018 - Rs. 643.26 million). These are recognised as an expense during the year under cost of materials consumed and changes in value of inventories of work-in-progress, stock-in-trade and finished goods, in statement of profit and loss.

2. Refer note 56 for information on Inventories pledged as security by the group.

Rs. in million

Note 11 Trade receivables	March 31, 2019	March 31, 2018
Unsecured, considered good	9,720.35	8,701.43
Doubtful	174.99	187.96
Less: Allowance for doubtful debts	(174.99)	(187.96)
Total	9,720.35	8,701.43

Notes to the consolidated financial statements

For the year ended March 31, 2019

Rs. in million

Break-up of security details	March 31, 2019	March 31, 2018
Trade receivables considered good - Secured	-	-
Trade receivables considered good - Unsecured	9,720.35	8,701.43
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	174.99	187.96
Total	9,895.34	8,889.39
Less: Loss allowance	(174.99)	(187.96)
Total	9,720.35	8,701.43

Refer note 56 for information on trade receivables pledged as security by the group.
The Group's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note 41.

Rs. in million

Note 12 Cash and cash equivalents	March 31, 2019	March 31, 2018
Cash on hand	1.15	1.53
Balances with bank in current accounts	907.77	2,584.53
Demand deposits (with original maturity of less than 3 months)	5.55	12.81
Total	914.47	2,598.87

Rs. in million

Note 13 Bank balances other than cash and cash equivalents	March 31, 2019	March 31, 2018
Term deposits with banks having initial maturity of more than 3 months but remaining maturity of less than 12 months (refer note below)	128.42	104.70
Total	128.42	104.70

Note: Held as lien by bank for performance bank guarantees, bid bonds and others.

Rs. in million

Note 14 Other current financial assets	March 31, 2019	March 31, 2018
Unsecured considered good (unless otherwise stated)		
Interest accrued on deposits with bank	3.81	3.08
Interest accrued on deposits with others	1.16	1.60
Receivable on sale of property, plant and equipment	192.71	261.16
Others	62.35	51.03
Total	260.03	316.87

Rs. in million

Note 15 Other current assets	March 31, 2019	March 31, 2018
Unsecured considered good (unless otherwise stated)		
Advances for supply of goods and services	409.88	300.72
Balances with government authorities	1,642.16	1,859.64
Advance to employees	29.70	41.76
Prepaid expenses	133.44	146.39
Others	11.38	-
Total	2,226.56	2,348.51

Notes to the consolidated financial statements

For the year ended March 31, 2019

Rs. in million

Note 16 Equity Share Capital	March 31, 2019		March 31, 2018	
	Number of shares	Value	Number of shares	Value
a. Authorised share capital				
Equity Shares of Rs. 10 each	20,00,00,000	2,000.00	20,00,00,000	2,000.00
b. Issued, subscribed and paid up capital*				
Equity Shares of Rs. 10 each	18,08,52,116	1,808.52	18,08,52,116	1,808.52

* All issued shares are fully paid up.

c. Reconciliation of the number of the shares outstanding at the beginning and at the end of the year.

Rs. in million

Particulars	March 31, 2019		March 31, 2018	
	Number of shares	Value	Number of shares	Value
Equity Shares outstanding at the beginning and at the end of the year	18,08,52,116	1,808.52	18,08,52,116	1,808.52

The Holding Company has also issued share options to its employees and employees of the subsidiaries, refer note 51.

d. Rights, preferences and restrictions attached to equity shares

The Holding Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

e. Employee stock options

Terms attached to stock options granted to employees of the Holding Company and subsidiaries are described in note 51 regarding share-based payments.

f. Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

Particulars	Number of shares issued				
	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Equity shares allotted as fully paid up bonus shares in the ratio of 3:1 by utilisation of securities premium	-	-	-	13,56,39,087	-

g. Details of equity shareholders holding shares more than 5%

Rs. in million

Particulars	March 31, 2019		March 31, 2018	
	No. of Shares held	% of Shareholding	No. of Shares held	% of Shareholding
Satish Mehta	7,57,24,248	41.87%	7,57,24,248	41.87%
BC Investments IV Limited	2,36,73,544	13.09%	2,36,73,544	13.09%
Sanjay Mehta	1,57,64,028	8.72%	1,57,64,028	8.72%
Samit Mehta	1,35,47,632	7.49%	1,35,47,632	7.49%
Sunil Mehta	1,10,85,012	6.13%	1,10,85,012	6.13%
Bhavana Mehta	93,88,288	5.19%	93,88,288	5.19%
Total	14,91,82,752	82.49%	14,91,82,752	82.49%

Notes to the consolidated financial statements

For the year ended March 31, 2019

h. Shares reserved for issue under options:

Rs. in million

Particulars	March 31, 2019		March 31, 2018	
	Number of shares	Value	Number of shares	Value
a. Under ESOS, 2013; 2.84 million equity share with face value of Rs. 10 each, at an exercise price of Rs. 221.25 per share (refer note 51)	14,00,000	14.00	16,00,000	16.00
b. Under ESOS, 2013; 0.58 million equity share with face value of Rs. 10 each, at an exercise price of Rs. 508.75 per share (refer note 51)	1,20,000	1.20	5,80,000	5.80
c. Under ESOS, 2013; 0.1 million equity share with face value of Rs. 10 each, at an exercise price of Rs. 300 per share (refer note 51)	1,00,000	1.00	1,00,000	1.00
d. Under ESOS, 2013; 0.84 million equity share with face value of Rs. 10 each, at an exercise price of Rs. 522 per share (refer note 51)	8,40,000	8.40	-	-
e. Under ESOS, 2013; 0.24 million equity share with face value of Rs. 10 each, at an exercise price of Rs. 522 per share (refer note 51)	2,40,000	2.40	-	-
f. Under ESOS, 2013; 0.23 million equity share with face value of Rs. 10 each, at an exercise price of Rs. 522 per share (refer note 51)	2,30,000	2.30	-	-
Total	29,30,000	29.30	22,80,000	22.80

Rs. in million

Note 17 Other Equity	Note	March 31, 2019	March 31, 2018
Reserves and Surplus			
Capital reserve	(i)	12.92	12.92
Revaluation reserve	(ii)	-	-
Securities premium	(iii)	840.37	840.37
Share options outstanding account	(iv)	152.61	162.63
Foreign currency monetary item translation reserve	(v)	-	-
Foreign currency translation reserve	(vi)	387.62	40.20
General reserve	(vii)	1,709.11	1,668.19
Retained earnings	(viii)	13,439.69	12,477.05
Total		16,542.32	15,201.36

Rs. in million

Other Equity	March 31, 2019	March 31, 2018
i) Capital reserve		
Balance as at the beginning and end of the year	12.92	12.92
ii) Revaluation reserve		
Balance as at the beginning of the year	-	84.15
Transferred to retained earning (refer note 36)	-	(84.15)
Balance as at the end of the year	-	-
iii) Securities premium		
Balance as at the beginning and end of the year	840.37	840.37
iv) Share options outstanding account		
Balance as at the beginning of the year	162.63	139.00
Employee share - based expense recognised in statement of profit and loss	52.87	34.02
Options forfeited, transferred to general reserve	(62.89)	(10.39)
Balance as at the end of the year	152.61	162.63

Notes to the consolidated financial statements

For the year ended March 31, 2019

Other Equity	March 31, 2019	March 31, 2018
v) Foreign currency monetary item translation reserve		
Balance as at the beginning of the year	-	19.23
Foreign exchange fluctuation on long term monetary items during the year (net)	-	(40.65)
Reclassified to Statement of Profit and Loss during the year	-	11.24
Income tax on above items	-	10.18
Balance as at the end of the year	-	-
vi) Foreign currency translation reserve		
Balance as at the beginning of the year	40.20	(34.10)
Exchange differences in translating financials statement of foreign operations	357.83	63.89
Income tax on above items	(10.41)	10.41
Balance as at the end of the year	387.62	40.20
vii) General reserve		
Balance as at the beginning of the year	1,668.19	1,657.80
Options forfeited, transferred from share options outstanding account	62.89	10.39
Income tax on above items	(21.97)	-
Balance as at the end of the year	1,709.11	1,668.19
viii) Retained earnings		
Balance as at the beginning of the year	12,477.05	11,287.57
Profit for the year attributable to the owners	1,950.81	1,750.98
Items of other comprehensive income recognised directly in retained earnings attributable to the owners	(7.05)	7.37
Transferred from revaluation reserve (refer note 36)	-	84.15
Dividend (including dividend distribution tax) (refer note below)	(981.12)	(653.02)
Balance as at the end of the year	13,439.69	12,477.05
Total	16,542.32	15,201.36

The following dividends were declared and paid by the Holding company during the year:

Particulars	Rs. in million	
	March 31, 2019	March 31, 2018
Interim dividend on equity Shares	452.13	271.28
Dividend distribution tax on above	92.94	55.23
Final dividend on equity shares *	361.70	271.28
Dividend distribution tax on above	74.35	55.23
Total	981.12	653.02

* Final dividend paid during the year ended March 31, 2019 is related to dividend proposed during the year ended March 31, 2018.

Note: After the reporting dates the following dividend (excluding dividend distribution tax) were proposed by the directors subject to approval at the annual general meeting; the dividends have not been recognised as liabilities. Dividends would attract dividend distribution tax when declared or paid.

Particulars	Rs. in million	
	March 31, 2019	March 31, 2018
By Holding company		
Final dividend on equity shares March 31, 2019: Rs. 1 per equity share (March 31, 2018: Rs. 2 per equity share)	180.85	361.70
By Zuventus Healthcare Limited		
Final dividend on equity shares March 31, 2019: Rs. 9 per equity share (March 31, 2018: Rs. 4.5 per equity share)	180.50	90.25
Total	361.35	451.95

Notes to the consolidated financial statements

For the year ended March 31, 2019

Nature and purpose of other reserves

Capital reserve

Capital reserve was created in the past on account of amalgamation of companies prior to 2001.

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Share options outstanding account

The Parent has established equity-settled share-based payment plans for certain categories of employees of the Group. Refer note 51 for further details of these plans.

Foreign currency translation reserve (FCTR)

Exchange differences arising on translation of the foreign operations are recognised as described in accounting policy and accumulated in a separate reserve within equity.

General reserve

The General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

Rs. in million

Note 18 Non current borrowings	March 31, 2019	March 31, 2018
Secured		
Term loans:		
Indian currency loans from banks	4,722.36	5,741.18
Indian currency loans from others	1,610.06	8.13
Foreign currency loans from banks	4,072.65	6,465.62
Vehicle loans	62.07	76.30
	10,467.14	12,291.23
Unsecured		
Indian currency loans from others	139.90	153.39
Less: Current maturities of non current borrowing (refer note 24)	(3,598.12)	(4,172.41)
Less: Current maturities of vehicle loan and others(refer note 24)	(22.96)	(27.02)
Less: Transaction cost attributable to the borrowings	(107.18)	(188.58)
Total	6,878.78	8,056.61

Note: Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 41.

a) Statement of principal terms of secured term loans outstanding as on March 31, 2019

Nature of facility	Repayment terms	Rate of interest % (per annum)	Currency	Amount outstanding (Rs. in million)	Security
Term Loan	48 monthly installments from March 2017.	1 Y MCLR + 1.80%	INR	119.77	As per Note No. 1
Term Loan	48 monthly installments from August 2016.	1 Y MCLR + 1.80%	INR	247.60	As per Note No. 1
Term Loan	48 monthly installments from July 2017.	1 Y MCLR + 1.80%	INR	561.10	As per Note No. 1
Term Loan	48 monthly installments from March 2019.	1 Y Libor + 2.93%	USD	612.32	As per Note No. 1
Term Loan	48 monthly installments from March 2019.	1 Y MCLR + 1.50%	INR	385.39	As per Note No. 1
Term Loan	47 equal monthly installments of Rs.4.6 million starting from February 1, 2018, and 1 installment of Rs. 3.8 million from January 1, 2022	MCLR + 1.15%	INR	114.14	As per Note No. 2
Term Loan	48 monthly installments from September 2016.	1 year MCLR+1.60%	INR	177.60	As per Note No. 1
Term Loan	17 quarterly installments from October 2016	1 year MCLR+1.60%	INR	350.00	As per Note No. 1
Term Loan	48 monthly installments from February 2018	1 year MCLR+1.60%	INR	354.18	As per Note No. 1
Term Loan	48 monthly installments from February 2018	1 year MCLR+1.60%	INR	354.18	As per Note No. 1
Term Loan*	US\$ 3Mn in March 2017, US\$ 5Mn per quarter from June 17 to March 2018, US\$ 5.50Mn per quarter from June 18 to September 2019, US\$ 3 Mn in December 2019 and US\$ 1 Mn in March 2020	3M Libor+4.00%	USD	281.48	As per Note No. 4
Term Loan*	16 quarterly installments of 0.94 Mn	3M Libor+4.00%	USD	857.81	As per Note No. 4

Notes to the consolidated financial statements

For the year ended March 31, 2019

Nature of facility	Repayment terms	Rate of interest % (per annum)	Currency	Amount outstanding (Rs. in million)	Security
Term Loan	48 monthly installments from June 2018	1 year MCLR+1.00%	INR	53.06	As per Note No. 1
Term Loan	16 equal quarterly installments from March 2016	6M Libor+2.87%	USD	105.56	As per Note No. 1
Term Loan	16 equal quarterly installments from July 2016	1 year MCLR+1.80%	INR	88.67	As per Note No. 1
Term Loan	48 equal monthly instalments of Rs. 14.6 million starting from August, 2017.	12M MCLR + 1.20%	INR	412.50	As per Note No. 5
Term Loan	48 equal monthly instalments of Rs. 4.17 million starting from September, 2018.	12M MCLR + 1.20%	INR	166.67	As per Note No. 5
Term Loan*	2 quarterly installment of C\$ 840 thousand from May 2017 to August 2017. 4 quarterly installment of C\$ 1050 thousand from November 2017 to August 2018 4 quarterly installment of C\$ 1570 thousand from November 2018 to August 2019 4 quarterly installment of C\$ 2100 thousand from November 2019 to August 2020 8 quarterly installment of C\$ 2310 thousand from November 2020 to August 2022 1 quarterly installment of C\$ 2940 payable in November 2022.	CDOR+335 bps	CAD	1,740.49	As per Note No. 6
Term Loan	16 equal quarterly installments from August 2016	6M Libor+ 3.35%	USD	211.11	As per Note No. 1
Term Loan	16 equal quarterly installments from May 2018	6M Libor+ 3.00%	USD	263.89	As per Note No. 1
Term Loan	16 equal quarterly installments from April 2018	LTMR+50 bps	INR	850.00	As per Note No. 1
Term Loan	16 equal quarterly installments from April 2020	LTMR+50 bps	INR	487.50	As per Note No. 1
Term Loan	28 quarterly ballooning installment from April 2019	LTRR-7.00%	INR	787.20	As per Note No. 3
Term Loan	15 equal quarterly installments from July 2018	1 year MCLR+1.25%	INR	480.00	As per Note No. 3
Term Loan	14 equal quarterly installments from October 2018	1 year MCLR+1.25%	INR	342.86	As per Note No. 3
Vehicle loans	Monthly installments starting from Aug 2014 and ending on Feb 2024	8.50% to 10.50%	INR	48.34	As per Note No. 7
Vehicle loans	Monthly installments starting from October 2017 and ending on March 2021	7.87% to 8.36%	INR	3.36	As per Note No. 7
Vehicle loans	Monthly installments starting from June 2016 to Oct 2021	8.50% -9.50%	INR	10.36	As per Note No. 7
				10,467.14	

* The Management periodically reviews compliance with terms and conditions of existing loan agreements to identify any non-adherence of any financial covenant and obtains confirmations from the respective lenders on existing terms and conditions basis which borrowings are disclosed as current and non-current at each reporting date. Pursuant to such review as at the year end, the management has obtained confirmation from its lenders on continuance of existing terms, conditions and lending period as stipulated in the original lending agreement.

b) Statement of principal terms of unsecured term loan outstanding as on March 31, 2019

Nature of facility	Repayment terms	Rate of interest % (per annum)	Currency	Amount outstanding (Rs. in million)	Security
Loan under New Millennium Indian Technology Leadership Initiative	10 Yearly installments starting from August 1, 2017	3%	INR	139.90	Unsecured
				139.90	

Note No. 1: The following security has been created for the above mentioned facility:

- First pari passu (registered mortgage) charge over the immovable fixed assets situated at
 - Plot No. P-2, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057
 - Plot No. D-24, MIDC, Kurkumbh Industrial Area, Daund, Pune – 413 802
 - Plot No. D-24/1, MIDC, Kurkumbh Industrial Area, Daund, Pune - 413 802
- First pari passu (hypothecation) charge over the all movable fixed assets situated at:
 - Plot No. P-1, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune

– 411 057

- Plot No. P-2, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057
 - Plot No. D-24, MIDC, Kurkumbh Industrial Area, Daund, Pune – 413 802
 - Plot No. D-24/1, MIDC, Kurkumbh Industrial Area, Daund, Pune - 413 802
- First pari passu charge on intangible assets of the holding company.
 - Second pari passu (hypothecation) charge on current assets of the holding company.

Note No. 2: The following security has been created for the above mentioned facility:

- Pari passu charge over the fixed and movable assets
- Corporate guarantee of Emcure Pharmaceuticals Ltd (Holding Company)

Notes to the consolidated financial statements

For the year ended March 31, 2019

Note No. 3: The following security has been created for the above mentioned facility:
Exclusive first charge on:

- Immovable and movable fixed assets situated at Plot No. SM-14, Sanand Industrial Estate, Gujarat
- Immovable and movable fixed assets situated at Plot No. SM-15 & 16/1, Sanand Industrial Estate, Gujarat
- Movable fixed assets situated at Arihant School, of Pharmacy & Bio Research Institute, Adalaj, SG Highway, Dist.: Gandhinagar, Gujarat

Note No. 4: The following security has been created for the above mentioned facility:

- First charge on immovable, movable fixed assets, Intangible assets and all current assets of "Heritage Pharma Holdings Inc." and "Heritage Pharmaceuticals' Inc. USA" and Heritage Pharma Labs Inc.
- Pledge of Entire Equity Shares of "Heritage Pharma Holdings Inc. USA" and "Heritage Pharmaceuticals Inc.USA" held by Emcure Pharmaceutical Limited (holding company).
- Corporate Guarantee of Emcure Pharmaceuticals Limited (holding company).

Note No. 5: The following security has been created for the above mentioned facility:

- Exclusive charge over the immovable and movable fixed assets situated at, Block Kamerey, Elaka Pakyong, Post office Rangpo, Police Station-Roarathang, Dist.-Gangtok, Sikkim-737132.
- Exclusive second charge on the current assets of the Zuentus Healthcare Limited .

Note No. 6: The following security has been created for the above mentioned facility:

- All fixed assets, current assets and intangibles assets of Marcan Pharmaceuticals Inc.,
- Pledge of Entire Equity Shares of Marcan Pharmaceuticals Inc. held by Emcure Pharmaceuticals Limited (holding company)
- Corporate Guarantee of Emcure Pharmaceuticals Limited (holding company).

Note No. 7: The following security has been created for the above mentioned facility:

Secured by Vehicle for which loan is availed.

b) Statement of principal terms of secured term loans outstanding as on March 31, 2018

Rs. in million

Nature of facility	Repayment terms	Rate of interest % (per annum)	Currency	Amount outstanding	Security
Term Loan	48 monthly installments from March 2017	1 Y MCLR + 1.80%	INR	182.28	As per note 1
Term Loan	48 monthly installments from August 2016	1 Y MCLR + 1.80%	INR	436.00	As per note 1
Term Loan	48 monthly installments from July 2017	1 Y MCLR + 1.80%	INR	811.90	As per note 1
Term Loan	48 monthly installments from March 2019	1 Y MCLR + 1.50%	INR	354.40	As per note 1
Term Loan	47 equal monthly installments of Rs46 million starting from February 1, 2018, and 1 installment of Rs 38 million from January 1, 2022	MCLR + 1.15%	INR	142.72	As per note 2
Term Loan	20 equal monthly installment from June 2018	1 Y MCLR + 1.25%	INR	200.00	As per note 3
Term Loan	15 quarterly installments from April 2015	1 year Libor+1.75%	USD	101.12	As per note 1
Term Loan	23 monthly installments from September 2016	1 year MCLR+1.60%	INR	26.65	As per note 1
Term Loan	48 monthly installments from September 2016	1 year MCLR+1.60%	INR	302.40	As per note 1
Term Loan	17 quarterly installments from October 2016	1 year MCLR+1.60%	INR	550.00	As per note 1
Term Loan	48 monthly installments from February 2018	1 year MCLR+1.60%	INR	479.17	As per note 1
Term Loan	48 monthly installments from February 2018	1 year MCLR+1.60%	INR	479.17	As per note 1
Term Loan	US\$ 3Mn in March 2017, US\$ 5Mn per quarter from June 17 to March 2018, US\$ 550Mn per quarter from June 18 to September 2019, US\$ 3 Mn in December 2019 and US\$ 1 Mn in March 2020	3M Libor+4.00%	USD	2,411.29	As per note 4
Term Loan	16 quarterly installments of 0.94 Mn	3M Libor+4.00%	USD	846.61	As per note 4
Term Loan	10 half yearly equal installments from March 2014	3M Libor+3.50%	USD	68.43	As per note 1
Term Loan	48 monthly installments from June 2018	1 year MCLR+1.00%	INR	90.56	As per note 1
Term Loan	16 equal quarterly installments from March 2016	6M Libor+2.87%	USD	228.10	As per note 1
Term Loan	16 equal quarterly installments from July 2016	1 year MCLR+1.80%	INR	159.59	As per note 1
Term Loan	48 monthly installments from 30 Sept 2017	12M MCLR + 1.20%	INR	783.33	As per note 5
Term Loan	"2 quarterly installment of C\$ 840 thousand from May 2017 to August 2017 4 quarterly installment of C\$ 1050 thousand from November 2017 to August 2018 4 quarterly installment of C\$ 1570 thousand from November 2018 to August 2019 4 quarterly installment of C\$ 2100 thousand from November 2019 to August 2020 8 quarterly installment of C\$ 2310 thousand from November 2020 to August 2022 1 quarterly installment of C\$ 2940 payable in November 2022"	CDOR+300 bps	CAD	1,930.24	As per note 6

Notes to the consolidated financial statements

For the year ended March 31, 2019

Nature of facility	Repayment terms	Rate of interest % (per annum)	Currency	Amount outstanding	Security
Term Loan	16 equal quarterly installments from August 2016	6M Libor+ 3.35%	USD	391.04	As per note 1
Term Loan	16 equal quarterly installments from May 2018	6M Libor+ 3.00%	USD	325.85	As per note 1
Term Loan	16 equal quarterly installments from April 2018	LTMR+50 bps	INR	743.00	As per note 1
Term Loan	12 equal quarterly installments starting July 2015	3 months GBP Libor+325	GBP	162.94	As per note 7
Vehicle loans	Monthly installments starting from April 2013 and ending on October 2022	9.35% to 12%	INR	55.69	As per note 8
Vehicle loans	Monthly installments starting from October 2017 and ending on March 2021	7.87% to 8.36%	INR	4.39	As per note 8
Vehicle loans	Monthly installments starting from 07 June 2016 to 05 Oct 2021	8.50% -9.50%	INR	16.23	As per note 8
Loan under Biotechnology Industry Partnership Programme from Biotechnology Industry Research Assistance Council	10 Half Yearly installments starting from May 1, 2014	2%	INR	5.25	As per note 9
Loan under Biotechnology Industry Partnership Programme from Biotechnology Industry Research Assistance Council	10 Half Yearly installments starting from March 1, 2014	5%	INR	2.88	As per note 9
Loan under New Millennium Indian Technology Leadership Initiative	10 Yearly installments starting from August 1, 2017	3%	INR	153.39	Unsecured
	Total			12,444.62	

Note 1 : The following security has been created for the above mentioned facility:

- First pari passu (registered mortgage) charge over the immovable fixed assets situated at
 - Plot No. P-2, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057
 - Plot No. D-24, MIDC, Kurkumbh Industrial Area, Daund, Pune – 413 802
 - Plot No. D-24/1, MIDC, Kurkumbh Industrial Area, Daund, Pune - 413 802;
- First pari passu (hypothecation) charge over the all movable fixed assets situated at:
 - Plot No. P-1, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057
 - Plot No. P-2, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057
 - Plot No. D-24, MIDC, Kurkumbh Industrial Area, Daund, Pune – 413 802
 - Plot No. D-24/1, MIDC, Kurkumbh Industrial Area, Daund, Pune - 413 802
- First pari passu charge on intangible assets of the company.
- Second pari passu (hypothecation) charge on current assets of the company.

Note 2 : The following security has been created for the above mentioned facility:

- Pari passu charge over the fixed and movable assets
- Corporate guarantee of Emcure Pharmaceuticals Ltd (Holding Company)

Note 3 : The following security has been created for the above mentioned facility:

Exclusive Charge on Following Properties

- Exclusive Charge on immovable and movable fixed assets situated at Plot No. SM-14, Sanand Industrial Estate, Gujarat
- Exclusive Charge on immovable and movable fixed assets situated at Plot No. SM-15 & 16/1, Sanand Industrial Estate, Gujarat
- Exclusive Charge on movable fixed assets situated at Arihant School, of Pharmacy & Bio Research Institute, Adalaj, SG Highway, Dist.: Gandhinagar, Gujarat

Note 4 : The following security has been created for the above mentioned facility:

- First charge on immovable and movable fixed assets of “Heritage Pharma Holdings Inc.” and “Heritage Pharmaceuticals’ Inc. USA” and Heritage Pharma Labs Inc.
- Pledge of Entire Equity Shares of “Heritage Pharma Holdings Inc. USA” and “Heritage Pharmaceuticals Inc.USA” held by Emcure Pharmaceutical Limited (the holding company).
- Corporate Guarantee of Emcure Pharmaceuticals Limited (the holding company).

Note 5 : The following security has been created for the above mentioned facility:

- Exclusive charge over the immovable and movable fixed assets situated at, Block Kamerey, Elaka Pakyong, Post office Rangpo, Police Station-Roarathang, Dist.-Gangtok, Sikkim-737132.
- Exclusive second charge on the current assets of the Zuventus Healthcare Limited .

Notes to the consolidated financial statements

For the year ended March 31, 2019

Note 6 : The following security has been created for the above mentioned facility:

- All fixed assets and intangibles assets of Marcan Pharmaceuticals Inc.,
- Pledge of Entire Equity Shares of Marcan Pharmaceuticals Inc. held by Emcure Pharmaceuticals Limited (holding company)
- Corporate Guarantee of Emcure Pharmaceuticals Limited (the holding company).

Note 7 : The following security has been created for the above mentioned facility:

- First pari passu (registered mortgage) charge over the immovable fixed assets situated at
 - Plot No. P-2, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057
 - Plot No. D-24, MIDC, Kurkumbh Industrial Area, Daund, Pune – 413 802
 - Plot No. D-24/1, MIDC, Kurkumbh Industrial Area, Daund, Pune - 413 802;
- First pari passu (hypothecation) charge over the all movable fixed assets situated at:
 - Plot No. P-1, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune

- 411 057
 - Plot No. P-2, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057
 - Plot No. D-24, MIDC, Kurkumbh Industrial Area, Daund, Pune – 413 802
 - Plot No. D-24/1, MIDC, Kurkumbh Industrial Area, Daund, Pune - 413 802
- First pari passu charge on all intangible assets of the company.
 - Second pari passu (hypothecation) charge on current assets of the company.
 - Pledge of entire shares of Emcure Pharma UK Limited held by Emcure Pharmaceuticals Limited (parent company)

Note 8 : The following security has been created for the above mentioned facility:
Secured by Vehicle for which loan is availed.

Note 9 : The following security has been created for the above mentioned facility:
First Charge on all the movable assets acquired out of the Project

	Rs. in million	
Note 19 Other non-current financial liabilities	March 31, 2019	March 31, 2018
Trade deposits (refer note below)	123.82	126.30
Consideration payable (including contingent consideration) towards acquisition of subsidiary (refer note 64)	3,152.77	2,802.00
Interest accrued but not due on borrowing	10.97	14.73
Payables for capital asset	566.97	-
Other liabilities	1.67	3.00
Total	3,856.20	2,946.03

Note : Includes deposit from firm in which directors of the Holding Company are interested - Rs. 10.00 million (March 31, 2018 - Rs. 10.00 million).

	Rs. in million	
Note 20 Non-current provisions	March 31, 2019	March 31, 2018
Provision for employee benefits		
Provision for compensated absences	305.77	214.93
Other provision		
Provision for sales return and breakage expiry (refer note 25)	255.38	263.87
Total	561.15	478.80

	Rs. in million	
Note 21 Other non-current liabilities	March 31, 2019	March 31, 2018
Deferred government grant (refer note 45B and 63)	9.00	11.09
Other liabilities	31.17	33.06
Total	40.17	44.15

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Rs. in million

Note 22 Current borrowings	March 31, 2019	March 31, 2018
Secured		
Working capital loans from banks	3,552.96	5,632.02
Cash credit facilities / bank overdraft repayable on demand from banks	7,324.11	2,012.38
Less: Transaction cost attributable to the borrowings	(8.67)	(16.20)
Total	10,868.40	7,628.20

Note:

- Working capital loans from banks are secured by hypothecation of inventories, book debts and receivables, in addition, Working capital loans of few subsidiaries are also secured by corporate guarantee of parent company (refer note 56).
- The cash credit facilities / bank overdraft facilities are repayable on demand and working capital loans are repayable within a year with a range of interest for LIBOR+156 bps to LIBOR+446 bps for foreign currency loans in USD, GBP Libor+250 bps for foreign currency loans in GBP, Prime Rate+0.35% for foreign currency loans in Canada, 3% lower than base rate in Dubai, MCLR+1.25% p.a. and for Rupee loans 8.45% p.a. to 10.45% p.a. (previous year : LIBOR+156 bps to LIBOR+446 bps for foreign currency loans in USD, GBP Libor+250 bps for foreign currency loans in GBP, Prime Rate+0.35% for foreign currency loans in Canada, 3% lower than base rate in Dubai, MCLR+1.25% p.a. and for Rupee loans 8.30% p.a. to 10.30% p.a.).
- Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 41.

Rs. in million

Note 23 Trade payables	March 31, 2019	March 31, 2018
Total outstanding dues of micro and small enterprises (refer note 61)	6.58	-
Total outstanding dues of creditors other than micro and small enterprises	6,846.43	6,217.79
Total	6,853.01	6,217.79

Note:

- The Group's exposure to currency and liquidity risks related to trade payables is disclosed in Note 41.
- All trade payables are current.

Rs. in million

Note 24 Other financial liabilities	March 31, 2019	March 31, 2018
Current maturities of non current borrowing (refer note 18)	3,621.08	4,199.43
Less: Transaction cost attributable to the borrowings	(85.40)	-
	3,535.68	4,199.43
Interest accrued but not due on borrowings	27.09	36.12
Interest accrued and due on borrowings	4.94	6.93
Interest accrued and due on trade deposits (refer note (b) below)	1.70	1.80
Employee benefits payable	1,443.33	1,348.06
Accrual pertaining to settlement of litigation (refer note 44)	522.50	-
Other payables	17.50	65.78
Payables for capital asset	376.63	749.96
Mark to market of forward contracts	-	17.68
Total	5,929.37	6,425.76

Note:

- The Group's exposure to currency and liquidity risks related to the above financial liabilities is disclosed in note 41.
- Includes Interest accrued and due on deposit from a firm in which directors of the Holding Company are interested : Rs. 0.17 million (March 31, 2018 : Rs. 0.17 million)

Notes to the consolidated financial statements

For the year ended March 31, 2019

Rs. in million

Note 25 Current provisions	March 31, 2019	March 31, 2018
Provision for employee benefits		
Provision for compensated absences	139.11	124.74
Provision for gratuity (refer note 50)	132.25	128.35
Provision for stock appreciation rights (refer note 52)	108.23	1,255.12
Provision for sales returns and breakage expiry (refer note below)	729.29	572.83
Other provisions	15.14	-
Total	1,124.02	2,081.04

i) Information about individual provisions and significant estimates

Sales returns and breakage expiry

When a customer has a right to return the product within a given period, the Group recognises a provision for returns. The provision is measured equal to the value of the sales expected to return in the future period. Revenue is adjusted for the expected value of the returns and cost of sales are adjusted for the value of the corresponding goods to be returned.

The Group has a constructive obligation to replace the goods which will expire. The Group has recognised a provision for the returns due to expiry. The provision is measured on the basis of historical trend of expiry against the sales occurred in the current and earlier period. Management considers the sales value for the periods which are equivalent to average general shelf life of products. Revenue is adjusted for the expected value of the returns.

Significant estimates

The Group has constructive obligation to accept the returns and expired products after sales to customers. Management estimates the related provision for future expected returns based on historical information as well as recent trends and change in business conditions that might suggest that past information may differ from future claims. The assumptions made in relation to the current period are consistent with those in the prior years. Factors that could impact the estimated return include pattern of return and success of new products launched, Group's marketing initiatives, shelf life of products. Where expected value of returns and expiry changes by 5% from management's estimates, the return provisions would be an estimated Rs 49.23 million higher or lower (March 31, 2018 : Rs 41.83 million higher or lower).

ii) Movements in provisions for sales return and breakage expiry

Rs. in million

Particulars	March 31, 2019	March 31, 2018
Beginning of the year	836.70	801.29
Provisions made during the year	1,671.63	1,475.02
Provisions utilised during the year	(1,537.49)	(1,440.55)
Change due to translation of provision of foreign operation	13.83	0.94
At the end of the year	984.67	836.70

Rs. in million

Note 26 Income tax assets / liabilities (net)	March 31, 2019	March 31, 2018
Income tax assets (net of provisions)	449.24	400.13
Income tax liabilities (net of advance tax)	177.68	457.25

Rs. in million

Note 27 Other current liabilities	March 31, 2019	March 31, 2018
Statutory dues including provident fund and withholding taxes	266.65	257.51
Contract liabilities (advances from customers)	99.07	136.32
Deferred government grant (refer note 45B and 63)	9.00	11.09
Other liabilities	99.69	145.80
Total	474.41	550.72

Notes to the consolidated financial statements

For the year ended March 31, 2019

Rs. in million

Note 28 Revenue from operations	March 31, 2019	March 31, 2018
Sale of products (including excise duty)	46,578.49	41,777.57
Sale of services	114.11	220.85
Other operating revenues		
Export incentives	360.54	139.97
Scrap sales	54.23	37.91
Excise / GST refund received (refer note 62)	45.23	143.87
Income arising from government grant (refer note 63)	19.23	44.04
Total	47,171.83	42,364.21

Rs. in million

Note 29 Other income	March 31, 2019	March 31, 2018
Interest income under the effective interest method from banks and others	25.22	8.19
Profit on sale of property, plant & equipment	24.36	-
Gains on foreign exchange fluctuation (net)	309.08	348.37
Provision for doubtful debts written back	12.97	-
Stock appreciation rights liability written back (refer note 52)	244.24	-
Miscellaneous income	335.48	106.42
Total	951.35	462.98

Rs. in million

Note 30 Cost of material consumed	March 31, 2019	March 31, 2018
A: Raw material consumed		
Opening inventory	2,299.01	2,610.70
Add : Purchases (net)	7,318.03	4,078.49
	9,617.04	6,689.19
Less: Closing inventory	2,918.48	2,299.01
Cost of raw materials consumed during the year	6,698.56	4,390.18
B: Packing material consumed		
Opening inventory	531.65	481.99
Add : Purchases (net)	1,147.40	1,029.95
	1,679.05	1,511.94
Less: Closing inventory	565.53	531.65
Cost of packing materials consumed during the year	1,113.52	980.29
Total (A+B)	7,812.08	5,370.47

Notes to the consolidated financial statements

For the year ended March 31, 2019

Rs. in million

Note 31 Changes in inventory of finished goods, work in progress and stock-in-trade	March 31, 2019	March 31, 2018
Opening inventory		
Work-in-process	763.83	619.67
Finished goods	1,378.84	1,875.93
Stock-in-trade	4,119.96	4,196.40
	6,262.63	6,692.00
Less: Closing inventory		
Work-in-process	1,113.26	763.83
Finished goods	1,429.28	1,378.84
Stock-in-trade	5,041.87	*4,140.31
	7,584.41	6,282.98
Changes in inventory of finished goods, work in progress and stock-in-trade	(1,321.78)	409.03

* Includes inventory of Konsina Ilac Sanayi Ve Dis Ticaret Anonim Sirketi of Rs. 20.35 million which was disposed off in financial year ended March 31, 2018.

Rs. in million

Note 32 Employee benefit expenses	March 31, 2019	March 31, 2018
Salaries, wages and bonus	8,840.33	7,832.95
Contribution to provident and other funds (refer note 50)	576.39	491.55
Gratuity (refer note 50)	108.80	99.56
Employee share-based payment expenses (refer note 51)	52.87	34.02
Staff welfare expenses	524.91	416.56
Total	10,103.30	8,874.64

Rs. in million

Note 33 Other expenses	March 31, 2019	March 31, 2018
Processing charges	359.57	349.31
Factory consumables	1,632.61	1,413.30
Contractual Services	370.39	386.03
Power and fuel	944.65	831.42
Insurance	123.75	96.80
Repair and maintenance	477.99	423.16
Rent	417.35	397.13
Rates and taxes	104.70	156.03
Freight	514.00	504.19
Advertisement and promotional materials	1,878.07	1,839.60
Travelling and conveyance	1,620.58	1,398.33
Commission on sales	650.37	667.30
Printing and stationery	142.33	200.50
Legal and professional fees	1,345.03	1,205.55
Payment to auditors (refer note below)	14.26	11.03
Inventory handling charges	489.05	381.30
Commission to non-whole time directors	15.20	25.90
Directors sitting fees	15.95	15.02
Provision for doubtful debts	-	24.07

Notes to the consolidated financial statements

For the year ended March 31, 2019

Note 33 Other expenses	March 31, 2019	March 31, 2018
Loss on sale of property, plant and equipment	-	18.41
Bad debts written off	44.02	91.56
Expenditure towards corporate social responsibility (refer note 60)	73.28	53.23
Impairment of Goodwill (refer note 53)	9.30	-
Miscellaneous expenses	751.49	687.80
Total	11,993.94	11,176.97

Rs. in million

Note : Payment to auditors	March 31, 2019	March 31, 2018
As auditor:		
Audit fees excluding taxes	9.00	10.50
Other services	4.53	0.08
Out of pocket expenses	0.73	0.45
Total	14.26	11.03

Note: Payment to auditors includes Rs. Nil (March 31, 2018 - Rs. 0.53 million) paid to erstwhile auditors.

Rs. in million

Note 34 Depreciation and amortisation expenses	March 31, 2019	March 31, 2018
Depreciation on property, plant and equipment	1,701.06	1,416.38
Amortisation of intangible assets	970.64	864.07
Total	2,671.70	2,280.45

Rs. in million

Note 35 Finance cost	March 31, 2019	March 31, 2018
Interest on long-term borrowings measured at amortised cost (refer note 2)	1,080.01	1,035.87
Interest on short-term borrowings measured at amortised cost (refer note 2)	558.72	420.91
unwinding of discount on deferred consideration	68.84	61.75
Unwinding of discount on contingent consideration (refer note 64)	199.55	171.17
Interest on shortfall of advance tax	13.90	23.44
Other borrowing costs	234.90	44.14
Exchange differences to the extent regarded as an adjustment to borrowing costs	70.64	-
Total	2,226.56	1,757.28

Rs. in million

Note 36 Exceptional items	March 31, 2019	March 31, 2018
Consultancy fees (see note (a) and (b) below)	711.75	1,055.92
Stock appreciation rights liability written back (refer note 52)	(994.28)	-
Sale of property, plant and equipments (see note (c) below)	-	46.66
Sale of investments (see note (d) below)	-	85.69
Legal settlement (refer note 44)	517.11	-
Total	234.58	1,188.27

Notes :

- The Holding company received a warning letter dated March 3, 2016 in respect of its manufacturing location in Pune. The Company's products are under an ongoing 'import alert' from the Food and Drug Administration of the USA ('US FDA'). Management has taken the necessary corrective actions based on the audit conducted by US FDA with the last response sent on 11th July 2019.
The Company has also engaged external consultants as a part of remediation action. Professional fees paid amounting to Rs. 349.55 million (March 31, 2018 - Rs. 381.36 million) to external consultant has been classified as an exceptional item."
- Consultancy fees towards Department of Justice (DOJ) investigation amounting to Rs. 362.20 million (March 31, 2018 Rs. 674.56 million) has been classified as exceptional item. Refer note 44.
- Tillomed Laboratories Limited ("Tillomed UK"), which is 100% step down subsidiary of Emcure Pharmaceuticals Limited, had sold the Property along with the equipments and furniture and fixtures installed in the property, vide agreement entered on June 30, 2017, for total consideration of GBP 3,485,000 in previous year.

Notes to the consolidated financial statements

For the year ended March 31, 2019

Loss on sale of the assets amounting to Rs. 46.66 million (GBP 562,909) was recognised as an exceptional item in the Statement of Profit and Loss in the previous year. The said property was revalued in 2014-15 and the balance in the revaluation reserve as on date of sale has been transferred to retained earnings in the previous year amounting to Rs. 84.15 million (GBP 888,963).

- d) Emcure Pharma UK Limited (Emcure UK), a 100% subsidiary of Emcure Pharmaceuticals Limited (Emcure), had entered into an agreement to sell its stake of investments in 'Konsina İlaç Sanayi ve Dış Ticaret Anonim Şirketi' (Konsina).

The financial statements of this subsidiary were drawn up to the date the parent-subsiary relationship ceases to exist i.e. December 21, 2017. The loss on disposal of subsidiary amounting to Rs. 85.69 million was recognised as exceptional item in the Consolidated Statement of Profit and Loss in the previous year.

Rs. in million

Note 37 Tax expenses recognised in statement of profit and loss	March 31, 2019	March 31, 2018
Current tax		
Current Period	2,133.91	1,182.27
Change in estimate related to prior years	(8.33)	49.50
Total current tax expense	2,125.58	1,231.77
Deferred tax		
Originating and reversal of temporary differences	(859.88)	(316.55)
Change in tax rate	12.43	239.94
Changes in temporary differences of earlier years	(63.78)	7.65
Total deferred tax	(911.23)	(68.96)
Total	1,214.35	1,162.81

Rs. in million

Tax income recognised in OCI	March 31, 2019	March 31, 2018
Remeasurements of post-employment benefit obligations	4.88	(3.49)
Foreign exchange differences on long term monetary items and currency translation reserve	(10.41)	10.41
Total	(5.53)	6.92

Rs. in million

Tax expense recognised in other equity	March 31, 2019	March 31, 2018
General reserve	(21.97)	-
Total	(21.97)	-

Rs. in million

Note 38 Deferred tax assets	March 31, 2019	March 31, 2018
Deferred tax assets :		
Intangible assets	323.25	210.24
Allowance for doubtful debts - trade receivables	2.99	51.02
Provision - employee benefit	8.69	194.47
Property, plant and equipment	58.59	1.29
Carry forward of tax losses	768.18	457.35
Minimum alternate tax credit entitlement	159.53	1,329.58
Stock appreciation rights	23.27	271.21
Inventories	728.46	185.80
Others	440.93	222.46
Total	2,513.89	2,923.42

Notes to the consolidated financial statements

For the year ended March 31, 2019

Note 38 Deferred tax assets	March 31, 2019	March 31, 2018
Deferred tax liabilities :		
Property, plant and equipment	282.64	931.84
Intangible assets	-	140.24
Undistributed profits of subsidiary	-	127.74
Others	191.22	137.38
Total	473.86	1,337.20
Deferred tax assets - net	2,040.03	1,586.22

Rs. in million

Note 38 Deferred tax liabilities	March 31, 2019	March 31, 2018
Deferred tax liabilities :		
Intangible assets	236.93	95.99
Property, plant and equipment	755.01	4.80
Undistributed profits of subsidiary	101.41	-
Others	23.43	2.45
Total	1,116.78	103.24
Deferred tax assets :		
Carry forward of tax losses	58.99	62.94
Allowance for doubtful debts - trade receivables	47.10	-
Provision - Employee benefit	193.32	-
Minimum alternate tax credit entitlement	141.58	-
Others	1.84	-
Total	442.83	62.94
Deferred tax liabilities - net	673.95	40.30

Note: Balances of deferred tax assets and deferred tax liability above, as on the reporting date includes the effects of changes in foreign exchange rates of foreign operations whose functional currency is different than the Group's functional currency, are considered in foreign currency translation reserve and is shown as others in deferred tax movement note 39.

Significant estimates

In assessing the realisability of the deferred tax asset balance with respect to Minimum alternate tax (MAT) credit entitlements and carry forward tax losses, management has considered whether partial or all of the MAT credit entitlement and carry forward tax losses will not be realised. The ultimate realisation of benefit related to MAT credit and carry forward tax losses is dependent upon the generation of future taxable income greater than book profit as per provisions of Income Tax Act, 1961, before expiry of credit and carry forward period. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategy in making this assessment. Based on the level of historical taxable income and projections of future taxable income over the periods in which the MAT credit are deductible as well carry forward losses will be utilised, management believes that the Group will realise the benefit. The amount of deferred tax asset on account of MAT credit and carry forward losses is considered to be realisable, however, could be reduced in the near term if estimates of future taxable income undergo any change as compared to the estimates made by the management as at reporting date. Management has performed the sensitivity analysis on the future expected taxable profits and do not expect any loss of benefit related to these items.

Notes to the consolidated financial statements

For the year ended March 31, 2019

Rs. in million

Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:	March 31, 2019		March 31, 2018	
	%	Amount	%	Amount
Profit before tax expense		3,306.26		2,904.70
Tax using the Holding Company tax rate of 34.94% (March 31, 2018 -34.61%)	34.94%	1,155.34	34.61%	1,005.26
<i>Tax effect of amounts which are not (deductible) / taxable in calculating taxable income:</i>				
Weighted deduction on research and development expenditure	-6.97%	(230.59)	-8.38%	(243.33)
Non deductible expenses	3.41%	112.82	8.30%	241.05
Change in tax rate	0.38%	12.43	8.26%	239.94
Additional allowance for tax purpose	-6.82%	(225.41)	-6.18%	(179.52)
Difference in tax rates in foreign jurisdictions	13.37%	442.14	2.20%	63.90
Creation/(reversal) of deferred tax liability on undistributed profits	-0.80%	(26.33)	-2.30%	(66.76)
Change in estimate related to prior years	-0.25%	(8.33)	1.70%	49.50
Changes in temporary differences of earlier years	-1.93%	(63.78)	0.26%	7.65
Other items	1.39%	46.06	1.55%	45.12
Effective tax rate	36.72%	1,214.35	40.02%	1,162.81

Rs. in million

Unrecognised temporary differences	March 31, 2019	March 31, 2018
Temporary differences relating to investments in subsidiaries for which deferred tax liabilities have not been recognised		
Undistributed earnings of subsidiaries	7,063.05	6,300.38

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of the subsidiaries for which deferred tax liabilities have not been recognised is mentioned above. No liability has been recognised in respect of these differences because management controls the distributions of the earnings of the subsidiaries to the Group and it has no intention to distribute the earnings of the subsidiaries in the foreseeable future. If these earnings are distributed in the future management will have to pay tax as per the regulations applicable in the country in which subsidiary is located.

Rs. in million

Note 39 Movement of Deferred tax assets / liabilities	Opening balance as at April 1, 2017*	Transferred to P&L	Transferred to OCI	Others	Closing Balance as at March 31, 2018*
Minimum alternate tax credit entitlement	1,329.58	103.13	-	(1,131.60)	301.11
Carry forward of tax losses	520.29	306.88	-	-	827.17
Stock appreciation rights	271.21	(247.94)	-	-	23.27
Provision - Employee benefit	194.47	2.66	4.88	-	202.01
Inventories	185.80	542.66	-	-	728.46
Allowance for doubtful debts - trade receivables	51.02	(0.93)	-	-	50.09
Others	82.63	109.84	(10.41)	46.06	228.12
Property, Plant and Equipment	(935.35)	(43.71)	-	-	(979.06)
Undistributed profits of subsidiary	(127.74)	26.33	-	-	(101.41)
Intangible assets	(25.99)	112.31	-	-	86.32
Total	1,545.92	911.23	(5.53)	(1,085.54)	1,366.08

Notes to the consolidated financial statements

For the year ended March 31, 2019

Rs. in million

Note 39 Movement of Deferred tax assets / liabilities	Opening balance as at April 1, 2017*	Transferred to P&L	Transferred to OCI	Others	Closing Balance as at March 31, 2018*
Minimum alternate tax credit entitlement	1,671.67	(112.60)	-	(229.49)	1,329.58
Carry forward of tax losses	341.53	178.76	-	-	520.29
Stock appreciation rights	428.68	(157.47)	-	-	271.21
Provision - Employee benefit	146.89	51.07	(3.49)	-	194.47
Inventories	109.90	75.90	-	-	185.80
Allowance for doubtful debts - trade receivables	46.00	5.02	-	-	51.02
Others	312.08	(243.37)	10.41	3.51	82.63
Property, plant and equipment	(1,060.87)	125.52	-	-	(935.35)
Undistributed profits of subsidiary	(194.50)	66.76	-	-	(127.74)
Intangible assets	(105.36)	79.37	-	-	(25.99)
Total	1,696.02	68.96	6.92	(225.98)	1,545.92

* Deferred tax assets (net) and deferred tax liabilities (net) as shown in the consolidated financial statements has been clubbed for the aforesaid disclosure.

Note 40 : Capital management

The group's objectives when managing capital are to

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Generally consistent with others in the industry, the group monitors capital on the basis of the following gearing ratio:

Net debt (total bank borrowings excluding transaction cost, net of cash and cash equivalent and other bank balances) divided by

Equity attributable to the owners of Emcure Pharmaceuticals Limited (as shown in the Balance Sheet).

The group strategy is to maintain a gearing ratio less than 1.50x. The gearing ratio at year end is as follows:

Rs. in million

Particulars	March 31, 2019	March 31, 2018
Net Debt (as defined above)	20,356.59	17,293.06
Equity attributable to the owners of Emcure Pharmaceuticals Limited	18,350.84	17,009.88
Gearing ratio	1.11	1.02

Note 41 : Financial risk management

The Group is exposed to a variety of financial risks which results from the Group's operating and investing activities. The Group's risk management is carried out by central treasury department in under guidance of the board of directors and the core management team of the Group, and it focuses on actively ensuring the minimal impact of Group's financial position.

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

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Aging analysis, Credit ratings	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other financial liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee (Rs.)	Cash flow forecasting Sensitivity analysis	Effective management of foreign exchange inflow and outflow. Borrowing in foreign currency to fulfil foreign currency obligation
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Ongoing review of existing borrowing rates and seeking for new facilities at lower rate.

Notes to the consolidated financial statements

For the year ended March 31, 2019

A) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and other financial assets. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Group establishes an allowance for doubtful debts and impairment that represents its estimate of expected losses in respect of trade and other receivables.

Other financial assets that are potentially subject to credit risk consists of cash equivalents and deposits.

Further, the Group also recognises loss allowance by using a provision matrix based on historical credit loss experience wherein fixed provision rates are defined for each financial asset which is past due / not due. The Group depending on the diversity of its asset base, uses appropriate Groupings if the historical credit loss experience shows significant different loss patterns for different customer segments / financial assets.

Also, the Group limits its exposure to credit risk from receivables by establishing a maximum payment period for customers.

The Group considers the recoverability from financial assets on regular intervals so that such financial assets are received within the due dates.

The Group has exposure to credit risk which is limited to carrying amount of financial assets recognised at the date of Balance Sheet

Trade receivables

Trade receivables are usually due within 7-180 days. Generally, and by practice most domestic customers enjoy a credit period of approximately 7-45 days and for export customers, the credit period ranges from 30 to 180 days. The receivables are not interest bearing, which is the normal industry practice. All trade receivables are subject to credit risk exposure except for receivables from government agencies. However, the Group does not identify specific concentration of credit risk with regard to trade receivables, as the amounts recognized represent a large number of receivables from various customers. Certain receivables are also backed by letter of credit from the banks, resulting into negligible credit risk in recovery of such receivables.

The Group uses a provision matrix (simplified approach) to measure the expected credit loss of trade receivables and other financial assets measured at amortised cost.

Year ended March 31, 2019:

Expected credit loss for trade receivables under simplified approach

Rs. in million

Ageing	Not Due	0-90 days past dues	91-180 days past dues	181-270 days past dues	271-360 days past dues	More than 360 days past dues	Total
Gross carrying amount*	2,268.27	1,085.03	234.99	95.01	27.56	127.73	3,838.59
Expected loss rate (includes interest as well as credit loss)	-0.69%	-0.71%	-2.41%	-3.02%	-38.44%	-80.37%	-3.78%
Expected credit losses (loss allowance provision)	(15.63)	(7.69)	(5.67)	(2.87)	(10.59)	(102.66)	(145.11)
Carrying amount of trade receivables (net of impairment)	2,252.64	1,077.34	229.32	92.14	16.97	25.07	3,693.48

Year ended March 31, 2018:

Expected credit loss for trade receivables under simplified approach

Rs. in million

Ageing	Not Due	0-90 days past dues	91-180 days past dues	181-270 days past dues	271-360 days past dues	More than 360 days past dues	Total
Gross carrying amount*	2,165.38	680.99	122.56	37.02	16.47	145.87	3,168.29
Expected loss rate (includes interest as well as credit loss)	-1.23%	-1.69%	-3.14%	-2.59%	-16.08%	-68.85%	-4.61%
Expected credit losses (loss allowance provision)	(26.63)	(11.48)	(3.85)	(0.96)	(2.65)	(100.44)	(146.01)
Carrying amount of trade receivables (net of impairment)	2,138.75	669.51	118.71	36.06	13.82	45.43	3,022.28

During the period, the Group has made write-offs of trade receivables amount to Rs 44.02 million (March 31, 2018 Rs. 91.56 million).

There are no financial assets which have been written off during the year which are subject to enforcement activity.

* In case of certain subsidiaries located in geographical segments - Africa, Asia (except India), Australia, North America, South America, Europe, management do not expect any expected credit loss against trade receivables based on the past trend of recovery and actual write offs. Therefore trade receivable at the date of financial position with respect to these subsidiaries are not included in the analysis above. Provision amounting to Rs 29.88 million (March 31, 2018 - Rs. 41.95 million) was made against receivables of certain specific subsidiaries based on management assessment of recovery of these subsidiaries and such loss provision is not considered in analysis above.

Notes to the consolidated financial statements

For the year ended March 31, 2019

ii) Reconciliation of loss allowance provision — Trade receivables

Rs. in million

Particulars	Rs. in million
Loss allowance on March 31, 2017	141.60
Amounts written off	(91.56)
Net remeasurement of loss allowances	137.92
Loss allowance on March 31, 2018	187.96
Amounts written off	(44.02)
Net remeasurement of loss allowances	31.05
Loss allowance on March 31, 2019	174.99

Cash and Cash Equivalents and Deposits with Banks:

With respect to the cash and cash equivalents and deposits with banks, the concentration of credit risk is negligible as these are kept with the reputed banks with very high credit worthiness.

B) Liquidity risk

Liquidity risk management implies maintaining sufficient cash and availability of funds through adequate amount of committed credit facility to meet the commitments arising out of financial liabilities. Due to the dynamic nature of the underlying business, the Group maintains flexibility in funding by maintaining availability under committed credit lines. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet future requirements, monitoring balance sheet liquidity ratios against debt covenants and maintaining debt financing plans and ensuring compliance with regulatory requirements.

The Group manages its liquidity needs by carefully monitoring scheduled debt payments as well as cash requirement for day-to-day business. Liquidity needs are monitored regularly as well as on the basis of a 30-day cash flow projection. Long-term liquidity needs for a period from 180 to 360 days period are identified and reviewed at regular intervals.

The Group maintains cash and marketable securities to meet its liquidity requirements. Funding in regards to long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities. The Group is confident of being able to roll forward its short term borrowings.

i) Financing arrangements

The Group has access to undrawn borrowing facilities including overdraft facility at the end of the reporting period.

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice subject to the continuance of satisfactory credit ratings.

ii) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity Groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

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

Rs. in million

Contractual maturities of financial liabilities	within 1 year	1 to 2 years	2 to 5 years	Total
March 31 2019				
Trade Payable	6,853.01	-	-	6,853.01
Short term borrowing	10,868.40	-	-	10,868.40
Long term borrowing	3,535.68	2,842.98	4,035.80	10,414.46
Consideration (including contingent consideration) payable towards acquisition of subsidiary	-	977.71	2,175.06	3,152.77
Trade deposits	-	-	123.82	123.82
Other financial liabilities	2,393.69	579.61	-	2,973.30
Total	23,650.78	4,400.30	6,334.68	34,385.76

Notes to the consolidated financial statements

For the year ended March 31, 2019

Contractual maturities of financial liabilities	within 1 year	1 to 2 years	2 to 5 years	Total
March 31 2018				
Trade Payable	6,217.79	-	-	6,217.79
Short term borrowing	7,628.20	-	-	7,628.20
Long term borrowing	4,199.43	3,948.12	4,108.49	12,256.04
Consideration (including contingent consideration) payable towards acquisition of subsidiary	-	-	2,802.00	2,802.00
Trade deposits	-	-	126.30	126.30
Other financial liabilities	2,226.32	-	17.73	2,244.04
Total	20,271.74	3,948.12	7,054.52	31,274.38

C) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Group'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.

i) Foreign currency risk

The Group operates in international market and a major portion of its business is transacted in different currencies and consequently the Group is exposed to foreign exchange risk through its sales and services and imported purchase to / from various countries.

The Group's foreign currency exposure is mainly in USD, EURO and GBP. The Group's financial liabilities mainly constitutes bank loans and trade payable. Further, the Group receives foreign currency against its exports receivables on regular basis against which the Group pays its loan and import commitments. To mitigate the risk arising on account of foreign exchange fluctuation management closely monitors the cash inflows based on review of expected future movement.

The bulk of contributions to the Group's assets, liabilities, income and expenses in foreign currency are denominated in USD, Euro and GBP. Foreign currency denominated financial assets and liabilities expressed in Rs. as at the closing are as follows:

Foreign currency risk exposure:

Rs. in million

Particulars	Currency	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Financial assets					
Trade receivables	EURO	6.09	9.01	483.04	725.77
	USD	17.80	18.32	1,252.72	1,193.69
	GBP	-	0.68	-	62.22
	Others*	0.40	-	19.97	-
Cash and cash equivalents	USD	2.82	3.23	198.13	210.17
	EURO	1.04	2.73	82.25	220.07
	Others*	0.41	0.10	0.67	0.12
Total		28.56	34.07	2,036.78	2,412.04
Financial liabilities					
Trade Payable	EURO	2.00	4.53	158.77	365.60
	USD	12.52	18.10	881.35	1,179.52
	GBP	0.02	0.28	1.85	25.88
	Others	1.52	0.32	6.67	0.19
Other Financial Liabilities	USD	0.19	1.40	13.51	91.59
	GBP	0.02	0.01	1.41	1.16
Loans Payable	USD	16.95	6.93	1,192.88	451.64
	GBP	6.00	-	552.96	-
Total		39.22	31.57	2,809.40	2,115.58

The amount is below the rounding off norm adopted by the Group.

* Foreign currencies of insignificant value

Sensitivity:

Notes to the consolidated financial statements

For the year ended March 31, 2019

Rs. in million

Particulars	Impact on profit before tax	
	March 31, 2019	March 31, 2018
USD sensitivity		
USD/INR -Increase by 4% (March 31, 2018-4%)*	(25.82)	(4.07)
USD/INR -Decrease by -4% (March 31, 2018-4%)*	25.82	4.07
EURO sensitivity		
EURO/INR -Increase by 2% (March 31, 2018-2%)*	8.13	11.35
EURO/INR -Decrease by -2% (March 31, 2018-2%)*	(8.13)	(11.35)
GBP sensitivity		
GBP/INR -Increase by 8% (March 31, 2018-8%)*	(44.50)	(2.16)
GBP/INR -Decrease by -8% (March 31, 2018-8%)*	44.50	2.16

* Holding all other variables constant

ii) Derivative instruments

The Group does not hold any instruments to hedge exposures to changes in foreign currency as at March 31, 2019.

At March 31, 2018 the Group holds the following instruments to hedge exposures to changes in foreign currency:

Foreign currency risk	Maturity (CAD million)			Maturity (Rs. million)		
	1- 6 months	6 - 12 months	More than 1 year	1- 6 months	6 - 12 months	More than 1 year
Forward exchange contracts	2.07	2.07	0.69	104.54	104.54	34.85
Average USD : CAD forward contract rate						

iii) Interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During March 31, 2019 and March 31, 2018, the Group's borrowings at variable rate were mainly denominated in INR, USD, CAD and GBP.

a) Interest rate risk exposure

The Group's interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

As a part of Group's interest risk management policy, treasury department closely tracks the base interest rate movements on regular basis. Based on regular review, management assesses the need to enter into interest rate swaps contracts to hedge interest rate risk. Management reviews the future movement in base rate against different factors such as overall micro and macro economic factors, liquidity in the system, expected spending cycle. Further on regular basis management assess the possibility of entering into new facilities which would reduce the future finance cost which helps management to mitigate the risk related to interest rate movement.

All the borrowing are at floating rate, except for those disclosed as fixed rate borrowings under note 18.

b) Sensitivity

The Group's policy is to minimize interest rate cash flow risk exposures on borrowing. The Company has exposure to foreign currency as well as local currency. The local currency loans are linked to bank base rate/ marginal cost of funds based lending (MCLR) whereas foreign currency loans are majorly linked with USD libor linked rates.

The sensitivity of profit or loss to changes in the interest rates arises.

Rs. in million

Particulars	Impact on profit before tax	
	March 31, 2019	March 31, 2018
Interest rates — increase by 25 basis points (25 bps) *	(53.38)	(50.18)
Interest rates — decrease by 25 basis points (25 bps) *	53.38	50.18

* Holding all other variables constant

The bank deposits are placed on fixed rate of interest of approximately 5% to 9%. As the interest rate does not vary unless such deposits are withdrawn and renewed, interest rate risk is considered to be low.

Note 42 : Fair value measurements

Notes to the consolidated financial statements

For the year ended March 31, 2019

A. Accounting classifications and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy.

Rs. in million

March 31, 2019 Carrying amounts and fair values of financial assets and financial liabilities	Carrying amounts valued at				Fair value			
	FVTPL	Amortised Cost	Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value*								
Investment	-	0.04	-	0.04				
Security deposits	-	240.61	-	240.61				
Trade receivables	-	9,720.35	-	9,720.35				
Insurance claim receivable	-	416.20	-	416.20				
Cash and cash equivalents	-	914.47	-	914.47				
Term deposits with banks	-	213.05	-	213.05				
Other financial assets	-	280.03	-	280.03				
Total financial assets	-	11,784.75	-	11,784.75				
Financial liabilities not measured at fair value*								
Long term borrowings (including current maturities)	-	10,414.46	-	10,414.46				
Short term borrowings	-	10,868.40	-	10,868.40				
Trade deposits	-	123.82	-	123.82				
Trade payables	-	6,853.01	-	6,853.01				
Creditors for capital assets	-	943.60	-	943.60				
Other financial liabilities	-	2,029.70	-	2,029.70				
Financial liabilities measured at fair value								
Consideration (including contingent consideration) payable towards acquisition of subsidiary	2,175.06	977.71	-	3,152.77	-	-	2,175.06	2,175.06
Total financial liabilities	2,175.06	32,210.70	-	34,385.76	-	-	2,175.06	2,175.06

Rs. in million

March 31, 2018 Carrying amounts and fair values of financial assets and financial liabilities	Carrying amounts valued at				Fair value			
	FVTPL	Amortised Cost	Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value*								
Investment	-	0.01	-	0.01				
Security deposits	-	247.71	-	247.71				
Trade receivables	-	8,701.43	-	8,701.43				
Insurance claim receivable	-	325.76	-	325.76				
Cash and cash equivalents	-	2,598.87	-	2,598.87				
Term deposits with banks	-	197.09	-	197.09				
Other financial assets	-	336.87	-	336.87				
Total financial assets	-	12,407.74	-	12,407.74				

Notes to the consolidated financial statements

For the year ended March 31, 2019

March 31, 2018 Carrying amounts and fair values of financial assets and financial liabilities	Carrying amounts valued at				Fair value			
	FVTPL	Amortised Cost	Cost	Total	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value*								
Long term borrowings (including current maturities)	-	12,444.62	-	12,444.62				
Short term borrowings		7,628.20	-	7,628.20				
Trade deposits		126.30	-	126.30				
Trade payables		6,217.79	-	6,217.79				
Creditors for capital assets		749.96	-	749.96				
Other financial liabilities		1,287.84	-	1,287.84				
Financial liabilities measured at fair value								
Consideration (including contingent consideration) payable towards acquisition of subsidiary	1,891.63	910.37	-	2,802.00	-	-	1,891.63	1,891.63
Mark to market loss on forward exchange contract	17.68	-	-	17.68	-	17.68	-	17.68
Total financial liabilities	1,909.31	29,365.08	-	31,274.39	-	17.68	1,891.63	1,909.31

* The Group has not disclosed the fair value for financial instruments such as trade receivables, cash and cash equivalents, term deposits with banks, other financial assets and financial liabilities because their carrying amounts are a reasonable approximation of fair value, due to their short-term nature.

There are no transfers between any levels during the year ended March 31, 2019 and March 31, 2018.

B. Measurement of fair values

i. Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used. Related valuation process are described in Note.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Contingent consideration	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast revenue and EBITDA, the amount to be paid under each scenario and the probability of each scenario.	- Forecast annual revenue growth rate - Forecast EBITDA margin - Risk-adjusted discount rate	The estimated fair value would increase (decrease) if: - the annual revenue growth rate were higher (lower); - the EBITDA margin were higher (lower); or - the risk adjusted discount rate were lower (higher). Generally a change in the annual revenue growth rate is accompanied by a directionally similar change in EBITDA margin.
Forward exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.	Not applicable.	Not applicable.

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial instruments not measured at fair value	Discounted cash flows: The valuation model considers the present value of expected payment discounted using a risk-adjusted discount rate.	Risk adjusted discounting rate	The estimated fair value would increase (decrease) if: - the risk-adjusted discount rate were lower (higher)

ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

Estimating future cash flow and discounted cash flow analysis.

Notes to the consolidated financial statements

For the year ended March 31, 2019

The fair values have been determined based on present values and the discount rates used were adjusted for counterparty credit risk.

C. Level 3 fair values:

i. Reconciliation of Level 3 fair values:

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

Particulars	Rs. in million	
		Contingent consideration payable towards acquisition of subsidiary
As at March 31, 2017		1,659.49
Interest accrued during the year		171.17
Change due to translation		60.97
As at March 31, 2018		1,891.63
Interest accrued during the year		199.55
Change due to translation		83.88
As at March 31, 2019		2,175.06

ii. Sensitivity analysis

For the fair values of contingent consideration, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

Contingent consideration

	Rs. in million	
	Profit or loss	
	Increase	Decrease
March 31, 2019		
Annual revenue growth rate (10% movement) *	NIL	571.42
EBITDA margin (5% movement) *	NIL	569.01
Risk adjusted discount rate (1% movement) *	30.14	(33.17)

Any further increase in Annual revenue growth rate and EBITDA margin will not have an impact on the contingent consideration since the consideration has been capped to a maximum of Rs. 2,384.06 million (CAD 48 Million) (refer note 64).

* Holding other variables as constant.

Note 43 : - Contingent liabilities (to the extent not provided for)

Claims against the Group not acknowledged as debts as at March 31, 2019

Particulars	Rs. in million	
	March 31, 2019	March 31, 2018
a) Provident fund	53.61	53.61
b) Sales/entry tax	22.61	48.48
c) Excise and service tax matters	14.06	3.15
d) Other matters	38.37	54.86
Total	128.65	160.10

Notes:

- Pending resolution of the respective proceedings, it is not practicable for the Group to estimate the timing of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgement/decisions pending with various forums/authorities.
- The Holding Company is also contesting other civil claims against the Holding
- Company not acknowledged as debts and the management believes that its position will likely be upheld in the appellate process.
- There are numerous interpretative issues relating to the Supreme Court (SC) judgement dated 28th February, 2019, relating to components/allowances paid that need to be taken into account while computing an employer's contribution of provident fund under the Employees' Provident Funds and Miscellaneous

Notes to the consolidated financial statements

For the year ended March 31, 2019

Provident Act, 1952. The Holding Company has also obtained a legal opinion on the matter and basis the same there is no material impact on the consolidated financial statements as at 31st March 2019. The Group would record any further effect on the consolidated financial statements, on receiving additional clarity on the subject.

- 4) Further, the Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in the consolidated financial statements. The management believes that the ultimate outcome of above proceeding will not have a material adverse effect on the Group's financial position and results of operations.

Note 44 : - Other legal matters

Intellectual Property Matters:

a. Eli Lilly Co. v. Emcure Pharmaceuticals USA, Inc. and Emcure Pharmaceuticals Ltd., et al. (Pemetrexed Injection)

In August 2015, Eli Lilly Company filed suit against the Company and its subsidiary Heritage Pharma Labs Inc. (erstwhile Emcure Pharmaceuticals USA, Inc.) (collectively referred to as 'Emcure group') alleging infringement of United States Patent No. 7,772,209 (the "'209 patent") in connection with its pemetrexed for injection, 500 mg/vial, product sold under the trade name ALIMTA®. In July 2016, the litigation was dismissed in favor of a consolidated inter parties review ("IPR") filed by Sandoz with multiple generics as co-defendants before the United States Patent and Trademark Office ("US PTO"). In October 2017, the US PTO issued a ruling on the '209 patent that was unfavorable to the generics. Sandoz filed an appeal of the US PTO's ruling in the IPR to the Federal Circuit.

Because Emcure group declined to participate in Sandoz's appeal of the US PTO's ruling, in February 2018, the parties agreed to enter into an administrative closure of the litigation against Group in exchange for Group's agreement to be bound by a Stipulated Preliminary Injunction entered against Sandoz pending the appeal to the Federal Circuit that will prevent the launch of a generic pemetrexed for injection product prior to the expiration of the '209 patent.

On June 4, 2019, the Federal Circuit issued a ruling on the IPR appeal that was unfavorable to the generics. The Group now expects the branded product to be protected from competition from ANDA filers until May 2022, the day after the paediatric exclusivity associated with the '209 patent expires. At this stage in the proceedings, it is not possible to estimate the likelihood or extent of the Group's potential liability, if any.

b. Celgene Corporation v. Emcure Pharmaceuticals Ltd. and Heritage Pharmaceuticals Inc. (Apremilast Tablet)

In June 2018, November 2018, and April 2019, Celgene Corporation ("Celgene") filed suit against the company and Heritage Pharmaceuticals Inc. (collectively referred to as 'Emcure group') alleging infringement of four U.S. patents: 7,427,638, 7,893,101, 9,872,854, and 10,092,541. Celgene based its infringement allegations on Emcure group's filing of an ANDA seeking approval by the FDA to sell a generic version of a tableted apremilast product prior to the expiration of each of these four patents. The parties are currently engaged in preliminary discovery and at this early stage in the proceedings, it is not possible to estimate the likelihood or extent of the Group's potential liability, if any.

c. Novartis Pharmaceutical Corp v. Emcure Pharmaceuticals Ltd. & Heritage Pharmaceuticals Inc. (Fingolimod Tablet)

In July 2018, Novartis Pharmaceuticals Corporation ("Novartis") filed a consolidated suit against a number of defendants including Emcure Pharmaceuticals Ltd. & its subsidiary Heritage Pharmaceuticals Inc. (collectively referred to as 'Emcure group') alleging infringement of U.S. patent 9,187,405 (the "'405 patent") in connection with its fingolimod capsules, 0.5 mg, product sold under the trade name GILENYA®. Novartis based its infringement allegations on Emcure's filing of an ANDA seeking approval by the FDA to sell a generic version of a tableted fingolimod product prior to the expiration of the '405 patent. In December 2018, the parties agreed to enter into a stipulation that effectively

stayed the litigation against Emcure group in exchange for Emcure group's consent to an injunction and its agreement to be bound by a final judgment entered by the Court on the validity of the '405 patent in the underlying consolidated litigation. At this early stage in the proceedings, it is not possible to estimate the likelihood or extent of the Company's potential liability, if any."

Drug Pricing Matters:

Generic Pharmaceutical Pricing Investigation By the Federal Government

Following Congressional inquiries into the prices of generic pharmaceutical products beginning in October 2014, the United States Department of Justice, Antitrust Division ("DOJ") commenced an investigation concerning possible collusion and anticompetitive conduct in the generic pharmaceutical industry. The DOJ investigation relates to potential criminal violations of the Sherman Act, including allegations of price fixing, bid rigging, and market or customer allocation among competing generic drug companies with respect to a variety of generic drugs.

On December 2, 2015, Heritage Pharmaceuticals Holdings Inc ("Heritage") learned that the DOJ initiated an investigation into Heritage and its employees regarding alleged violations of U.S. antitrust laws, which prohibit contracting or conspiring to restrain trade or commerce. In support of that investigation, the DOJ executed relevant search warrants at Heritage's premises and at the home of one of Heritage's national accounts managers. In addition, the DOJ served grand jury subpoenas on Heritage, and several current and former employees, which sought a variety of materials and data relevant to Heritage's generic drug business. Heritage fully cooperated with the DOJ and responded to its subpoenas.

In connection with the DOJ's investigation, Heritage also undertook its own internal investigation. As a result of its investigation, Heritage terminated its former Chief Executive Officer, Jeffrey Glazer, and former President, Jason Malek, on August 24, 2016.

In plea agreements dated December 9, 2016 made public in January 2017, former Heritage executives Glazer and Malek pleaded guilty to violating the Sherman Act by participating in a conspiracy to suppress and eliminate competition by allocating customers, rigging bids, and fixing and maintaining prices for doxycycline hyclate sold in the United States from in or about April 2013 and continuing until at least December 2015, and by participating in a conspiracy to suppress and eliminate competition by allocating customers and fixing and maintaining prices for glyburide sold in the United States from in or about April 2014 and continuing until at least December 2015.

On May 7, 2018, Heritage received a civil investigative demand from the United States Department of Justice, Civil Division ("DOJ Civil") seeking documents and information in connection with a simultaneous investigation under the False Claims Act.

On May 31, 2019, Heritage announced that it entered into a deferred prosecution agreement ("DPA") with the DOJ relating to a one-count Information for a conspiracy involving glyburide. In conjunction with the DPA, Heritage agreed to pay a \$225,000 fine. In addition, Heritage also announced that it separately agreed to a settlement with DOJ Civil to resolve potential civil liability under the False Claims Act in connection with the same antitrust conduct. Under the terms of the settlement with DOJ Civil, Heritage agreed to pay \$7.1 million. These resolutions fully resolve Heritage's potential exposure in connection with the DOJ's ongoing investigation into the generics pharmaceutical industry and have been provided for in the financial statements.

In addition to the above, on May 31, 2019, Emcure Pharmaceuticals Limited ('Emcure') also entered into a cooperation and non-prosecution agreement ("NPA") with DOJ under which the Company, and its current officers, directors, and employees received non-prosecution protection in exchange for its agreement to provide cooperation into the DOJ's investigation. This resolution fully resolves Emcure and its current officers, directors, and employees from potential exposure in connection with the DOJ's ongoing investigation into the generics pharmaceutical industry.

Generic Pharmaceutical Pricing Investigation By the State Attorneys General

In May 2016, Heritage received a subpoena from the Attorney General of Connecticut ("Connecticut AG") seeking the production of documents regarding its pricing of generic pharmaceutical products. Heritage fully cooperated with the Connecticut AG in response to the subpoena.

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For the year ended March 31, 2019

On December 15, 2016, the Connecticut AG, along with the attorneys general of 19 other states, filed suit against Heritage and other defendants in the District of Connecticut, alleging that they engaged in anticompetitive conduct concerning two drugs: doxycycline DR and glyburide. On March 1, 2017, the state attorneys general filed an amended complaint adding claims under various state antitrust and consumer protection statutes and was joined by 20 additional states, bringing the total to 40. The amended complaint asserts claims by the State Attorneys General on behalf of consumers in their states. On August 3, 2017, the Judicial Panel for Multidistrict Litigation ("JPML") transferred this case to the Eastern District of Pennsylvania and it was included in the multidistrict litigation captioned *In re Generic Pharmaceuticals Pricing Antitrust Litigation*, Case No. 16-MD-2724, which is currently pending in the Eastern District of Pennsylvania.

On July 17, 2017, five additional State Attorneys General filed suit against Heritage and other defendants in the District of Connecticut, alleging that they engaged in anticompetitive conduct concerning two drugs: doxycycline DR and glyburide. This action was also transferred to the Eastern District of Pennsylvania.

On June 18, 2018, the State Attorneys General filed an amended complaint on behalf of 44 states, the District of Columbia and Puerto Rico, and asserted claims based on fifteen different drugs: acetazolamide; doxycycline monohydrate, doxycycline hyclate DR, fosinopril-HCTZ, glipizide-metformin, glyburide, glyburide-metformin, leflunomide, meprobamate, nimodipine, nystatin, paromomycin, theophylline, verapamil, and zoledronic acid. The amended complaint alleges that Heritage and 17 other companies participated in an overarching industry-wide conspiracy to engage in anticompetitive conduct with respect to each identified drug. The amended complaint also named Emcure and Emcure's Chief Executive Officer, Satish Mehta, in connection with alleged anticompetitive conduct concerning one product: doxycycline hyclate DR. It should be noted that only 35 of the State Attorneys General brought this claim against Mr. Mehta individually. On February 21, 2019, defendants filed a motion to dismiss against the State Attorneys General's complaint in connection with the alleged overarching industry-wide conspiracy, and that motion remains pending. On May 10, 2019, the State Attorneys General filed another complaint on behalf of 44 states, including Puerto Rico, alleging a broader overarching industry-wide conspiracy with additional generic companies to engage in anticompetitive conduct with respect to additional drug products. Although Heritage is referenced factually in various places throughout this most recent complaint, neither Heritage nor Emcure, nor Mr. Mehta, are named as party defendants. The JPML also transferred this newly filed action to the Eastern District of Pennsylvania.

In addition, on May 31, 2019, a motion to dismiss the amended complaint was filed on behalf of Emcure and Mr. Mehta in the Eastern District of Pennsylvania, and that motion remains pending.

At this stage in the proceedings, it is not possible to estimate the likelihood or extent of the Heritage's potential liability, if any.

Private Plaintiffs' Litigation against Heritage and Other Defendants

Beginning March 2016, plaintiffs began filing complaints on behalf of putative classes of direct and indirect purchasers, and a number of direct purchaser opt-out plaintiffs, against various generic pharmaceutical companies, including Heritage. In these complaints, plaintiffs have alleged that defendants engaged in anticompetitive conduct by fixing prices and/or allocating markets in connection with various generic pharmaceuticals products, and plaintiffs are seeking injunctive relief and damages under federal and state antitrust laws.

On April 6, 2017, these complaints were consolidated and transferred into a multidistrict litigation captioned *In re: Generic Pharmaceuticals Pricing Antitrust Litigation*, Case No. 16-MD-2724, and that litigation remains pending before the U.S. District Court for the Eastern District of Pennsylvania. On August 15, 2017, plaintiffs filed a consolidated amended complaint, along with a number of additional complaints, alleging that various generic pharmaceutical companies, including Heritage, conspired to fix prices and/or allocate markets in connection with a number of other products. In June 2018, each putative class of direct and indirect purchasers, and the direct purchaser opt-out plaintiffs, each filed an amended complaint alleging that various generic pharmaceutical companies, including Heritage, participated in an overarching industry-wide conspiracy to engage in anticompetitive conduct with respect to each

identified pharmaceuticals product.

On October 16, 2018, the Court denied a motion to dismiss complaint filed by a number of defendants in connection with plaintiffs' federal law claims. On February 15, 2019, the Court granted in part, and denied in part, defendants' motion to dismiss in connection with certain claims under state law. On February 21, 2019, defendants filed various motions to dismiss against each plaintiffs' complaint in connection with the alleged overarching industry-wide conspiracy, and those motions remain pending.

At this stage in the proceedings, it is not possible to estimate the likelihood or extent of the Heritage's potential liability, if any.

Litigation by Heritage against its Former Executives

On November 10, 2016, Heritage filed a complaint against former executives Jeffrey Glazer and Jason Malek in the U.S. District Court for the District of New Jersey, alleging that Glazer and Malek engaged in fraud and racketeering conduct. The complaint asserts claims under the federal RICO statute, the New Jersey RICO statute, for breach of the fiduciary duty of loyalty, for fraudulent inducement of employment contracts, for unjust enrichment, for breach of contract, and for theft of trade secrets. The case, which is captioned *Heritage Pharmaceuticals Inc. v. Glazer, et al.*, Case No. 16-cv-8483, has been assigned to the Honorable Peter G. Sheridan.

On November 29, 2016, Heritage filed a motion for preliminary injunction, requesting that Glazer and Malek be ordered to return certain intellectual property and other trade secrets to Heritage and that certain funds be placed in escrow to prevent the defendants from dissipating their assets and otherwise ensuring that any future judgment would be collectible. On January 26, 2017, the Court entered a Stipulation and Consent Order to prohibit defendants from disclosing, transferring, selling, possessing, or using any of Heritage's intellectual property or trade secrets.

On December 13, 2016, after intervening in the case, the U.S. Department of Justice ("DOJ") filed a motion to stay the litigation. The motion was granted on February 6, 2017, and all proceedings in the case were stayed until July 31, 2017. The stay was subsequently extended to October 31, 2017, and then again until March 5, 2018. The litigation remained stayed pending the outcome of defendants' motions to disqualify Gibson Dunn as counsel for Heritage that was filed on March 21, 2018.

On March 1, 2019, the Court issued an opinion that was favorable to Heritage and denied defendants' motion to disqualify in its entirety. Defendants had until the end of July 2019 to respond to Heritage's complaint.

On July 11, 2019, Heritage entered into a settlement agreement with the former executives Jeffrey Glazer and Jason Malek, wherein each party agreed to fully and finally compromise and settled all disputes among them. Pursuant to the settlement, no amount is due to Jeffrey Glazer and Jason Malek towards stock appreciation rights (SAR). The liability towards these SARs have been written back. Refer note 36 & 52.

Litigation against Marcan Pharmaceuticals Inc.

Marcan Pharmaceuticals Inc. ('Marcan'), along with certain other generic drug companies, has entered into a tolling agreement, as requested by a defendant of a class action claim that was filed in 2015. Marcan is not currently listed as a defendant in the class action claim. No provision has been made in the consolidated financial statements as the likelihood that the Company will incur a loss is undeterminable at this time

Note 45 : - Capital and other commitments (to the extent not provided for)

A) Capital commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 637.95 million (March 31, 2018: Rs. 1,419.25 million).

B) Other commitments

- a) The Group has a 100 per cent Export Oriented Unit (EOU) set up under the permission granted by the Office of the Development Commissioner of SEEPZ Special Economic Zone of the Government of India. The authorities have, inter alia, laid down the following conditions, failing which the

Notes to the consolidated financial statements

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Group may be liable for penal action:

- i. The entire (100%) production shall be exported against hard currency except the sales in domestic tariff area admissible as per entitlement.
- ii. The Export Oriented Unit of the Company shall be a positive net foreign exchange earner over a period of six years from the date of commencement of production.

As at the year end, the Group is in compliance with the condition laid down by the authorities and does not expect any non-compliance in future.

- b) The Group has imported certain machinery under the Export Promotion Capital Goods (EPCG) Scheme and accordingly, has an export obligation of Rs. 69.75 million (March 31, 2018: Rs. 133.06 million).

In this respect, the Group has given bonds of Rs. 49.63 million (March 31, 2018: Rs 102.96 million) to the Commissioner of Customs.

Year of issue	Export obligation to be fulfilled	Unfulfilled export obligation			
		As at March 31, 2019		As at March 31, 2018	
		USD million	Rs. million	USD million	Rs. million
2011-12	2017-18	-	-	-	-
2014-15	2020-21	-	-	1.77	115.36
2015-16	2021-22	-	-	-	-
2016-17	2022-23	0.26	17.70	0.27	17.70
2017-18	2023-24	0.20	13.85	-	-
2018-19	2024-25	0.54	38.20	-	-
		1.00	69.75	2.04	133.06

Note 46 : - As a Lessee in an operating lease:

The Group has taken on lease a number of offices, warehouses and facilities under operating lease. The leases typically run for a period of three to ten years with an option to renew the lease after that period. The future minimum lease payments to be made under non cancellable operating leases as of March 31, 2019 are as follows:

Particulars	Due within 12 months		Due between 12-60 months		Due beyond 60 months		Total amount Due	
	as at March 31,		as at March 31,		as at March 31,		as at March 31,	
	2019	2018	2019	2018	2019	2018	2019	2018
Minimum lease payments	329.45	382.45	976.37	670.50	810.74	1,101.19	2,116.56	2,154.14

Lease rent debited to Statement of Profit and Loss is Rs. 417.35 million (March 31, 2018 Rs. 397.13 million).

Note 47 : - Earnings per share

Rs. in million

Particulars	March 31, 2019	March 31, 2018
Basic earnings per share		
A. Profit after tax attributable to equity shareholders (Rs. million)	1,950.81	1,750.98
B. Weighted average number of equity shares for the year	18,08,52,116	18,08,52,116
Basic earnings per share (Rs.) (A/B)	10.79	9.68
Diluted earnings per share		
C. Adjusted net profit for the year (Rs. million) (refer note below)	1,950.81	1,750.98
Weighted average number of equity shares for the year	18,08,52,116	18,08,52,116
Add: Effect of employee stock options*	-	-
D. Weighted average number of equity share (diluted) for the year	18,08,52,116	18,08,52,116
Adjusted EPS (Rs.) (C / D)	10.79	9.68
Face value per share (Rs.)	10.00	10.00

Note: Reconciliations of earnings used in calculating earnings per share

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For the year ended March 31, 2019

Rs. in million

Particulars	March 31, 2019	March 31, 2018
Basic earnings per share		
Profit attributable to the equity holders of the company used in calculating basic earnings per share:	1,950.81	1,750.98
Add: Employee share-based payment (net of tax)*	-	-
Profit attributable to the equity holders of the company used for calculating diluted earnings per share	1,950.81	1,750.98

* The effect of conversion of potential equity share for the year ended March 31, 2019 and March 31, 2018 is excluded, since the impact on earnings per share is anti dilutive.

Note 48 : - Segment reporting

Primary reportable segment.

The Group's board of directors along with its Managing director, examines the Group's performance and has identified single reportable segment, viz. 'Pharmaceuticals'. Board of directors primarily use revenue as a measure to assess the performance of the operating segment.

Secondary segment (By geographical segment)

The Group is domiciled in India. The amount of its revenue from external customers broken down by destination of shipment of goods is shown in the table below.

Rs. in million

Revenue from external customers	March 31, 2019	March 31, 2018
Sales (Net)		
India (A)	20,478.49	18,105.18
Outside India		
Europe	5,660.54	4,955.48
North America	15,551.56	15,516.90
Other continents	5,481.24	3,786.65
Outside India Total (B)	26,693.34	24,259.03
Total (A+B)	47,171.83	42,364.21

The Group does not earn revenue more than 10% of total revenue from single customer.

Non current assets used in the group's business across the locations are used interchangeably between geographical segments and accordingly management is of the view that separate disclosure of assets located in geographical location is not relevant.

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For the year ended March 31, 2019

Note 49 : - Related party disclosure

Related parties with whom there were transactions during the year and nature of relationship

Key Management Personnel: Whole Time Directors

Mr. Satish Mehta (Managing Director)

Mr. Mukund Gurjar (Executive Director)

Mr. Sunil Mehta (Executive Director)

Mrs. Namita Thapar (Chief Financial Officer and Executive Director)

Relatives of Key Management Personnel:

Mr. Sanjay Mehta

Mr. Vikas Thapar

Mr. Samit Mehta

Mr. Rutav Mehta

Mrs. Bhavna Mehta

Key Management Personnel: Other than Whole Time Directors

Mr. S. K. Bapat (Independent Director)

Mr. Humayun Dhanrajgir (Chairman and Independent Director)

Mr. Berjis Desai (Independent Director)

Dr. Girish Telang (Independent Director upto September 11, 2018)

Mr. Amit Chandra (Nominee of BC Investment IV Ltd) (Director upto January 8, 2018)

Mr. Samonnoy Banerjee (Nominee of BC capital Investment IV Ltd) (Director from January 8, 2018)

Dr. Fakrul Sayeed (Director upto July 16, 2018)

Enterprise over which Key Management Personnel have control:

H.M. Sales Corporation

Uth Beverages Factory Pvt. Ltd.

Rs. in million

Sr. No.	Description of the nature of the transaction	Volume of transactions during		Amount outstanding as at			
		2018-19	2017-18	March 31, 2019		March 31, 2018	
				Receivable	Payable	Receivable	Payable
1)	Purchase of goods & services Uth Beverage Factory Pvt. Ltd.	0.50	4.13	-	-	-	1.89
2)	Sale of goods and services Uth Beverage Factory Pvt. Ltd.	-	*	0.02	-	-	-
3)	Interest paid H.M. Sales Corporation	0.75	0.75	-	0.17	-	0.17
4)	Deposits accepted H.M. Sales Corporation	-	-	-	10.00	-	10.00
5)	Commission paid H.M. Sales Corporation	38.45	35.72	-	10.18	-	9.94
6)	Reimbursement of expenses made Uth Beverage Factory Pvt. Ltd.	0.03	-	-	-	-	-

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For the year ended March 31, 2019

Rs. in million

Sr. No.	Description of the nature of the transaction	Volume of transactions during		Amount outstanding as at			
		2018-19	2017-18	March 31, 2019		March 31, 2018	
				Receivable	Payable	Receivable	Payable
	H.M. Sales Corporation	0.71	0.50	-	0.00	-	0.18
7)	Royalty expense						
	Uth Beverage Factory Pvt. Ltd.	1.94	2.57	-	1.04	-	2.42
8)	Remuneration paid						
	<i>Key management personnel: whole time directors</i>						
	Mr. Satish Mehta	158.50	142.58	-	38.50	-	41.64
	Mr. Mukund Gurjar	38.23	33.14	-	7.71	-	6.64
	Mr. Sunil Mehta	18.66	15.68	-	6.11	-	4.75
	Mrs. Namita Thapar	21.43	17.70	-	4.32	-	3.85
	<i>Key management personnel: relatives</i>						
	Mr. Samit Mehta	19.42	14.33	-	4.72	-	3.51
	Mr. Vikas Thapar	24.91	20.56	-	4.54	-	3.64
	Mr. Sanjay Mehta	18.66	15.68	-	6.11	-	4.75
	Mr. Rutav Mehta	1.52	1.39	-	-	-	0.12
	<i>Key management personnel: other than whole time directors</i>						
	Dr. Fakrul Sayeed	43.12	37.39	-	9.46	-	8.14
9)	Post-employment obligations and other long term employee benefits						
	<i>Key management personnel: whole time directors</i>						
	Mr. Sunil Mehta	1.08	0.91	-	9.03	-	7.94
	Mrs. Namita Thapar	1.08	0.59	-	4.72	-	3.63
	<i>Key management personnel: relatives</i>						
	Mr. Samit Mehta	1.49	0.52	-	5.12	-	3.63
	Mr. Vikas Thapar	1.18	0.71	-	5.61	-	4.43
	Mr. Sanjay Mehta	0.77	0.84	-	8.00	-	7.23
	Mr. Rutav Mehta	0.04	0.06	-	0.10	-	0.06
10)	Compensated absences Provisions						
	<i>Key management personnel: whole time directors</i>						
	Mr. Satish Mehta	1.77	1.32	-	14.08	-	12.32
	Mr. Mukund Gurjar	0.33	0.30	-	3.58	-	3.25
	Mr. Sunil Mehta	0.08	0.08	-	1.37	-	1.29
	Mrs. Namita Thapar	0.35	0.16	-	2.21	-	1.86
	<i>Key management personnel: relatives</i>						
	Mr. Samit Mehta	0.46	0.12	-	1.90	-	1.44
	Mr. Vikas Thapar	0.36	0.19	-	2.62	-	2.25
	Mr. Sanjay Mehta	0.11	0.10	-	1.47	-	1.36
	Mr. Rutav Mehta	0.02	0.07	-	0.09	-	0.07
11)	Employee share based payments						
	<i>Key management personnel: whole time directors</i>						
	Mr. Vikas Thapar	0.64	2.09	-	25.70	-	25.06
	<i>Key management personnel: other than whole time directors</i>						
	Dr. Fakrul Sayeed	0.80	3.99	-	0.80	-	11.08
12)	Stock appreciation rights						
	<i>Key management personnel: relatives</i>						
	Mr. Vikas Thapar	-	0.16	-	2.11	-	31.20
	<i>Key management personnel: other than whole time directors</i>						
	Dr. Fakrul Sayeed	-	1.46	-	-	-	1.89

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For the year ended March 31, 2019

Rs. in million

Sr. No.	Description of the nature of the transaction	Volume of transactions during		Amount outstanding as at			
		2018-19	2017-18	March 31, 2019		March 31, 2018	
				Receivable	Payable	Receivable	Payable
13)	Director fees Paid						
	<i>Key management personnel: whole time directors</i>						
	Mr. Satish Mehta	3.49	3.26	-	0.87	-	-
	<i>Key management personnel: relatives</i>						
	Mr. Vikas Thapar	3.49	3.26	-	0.87	-	-
	<i>Key management personnel: other than whole time directors</i>						
	Dr. Fakrul Sayeed	4.75	4.38	-	1.19	-	-
14)	Dividend Paid						
	<i>Key management personnel: whole time directors</i>						
	Mr. Satish Mehta	341.04	113.74	-	-	-	-
	Mr. Mukund Gurjar	1.33	0.44	-	-	-	-
	Mr. Sunil Mehta	49.88	16.63	-	-	-	-
	Mrs. Namita Thapar	28.53	9.51	-	-	-	-
	<i>Key management personnel: relatives</i>						
	Mr. Samit Mehta	60.96	20.32	-	-	-	-
	Mr. Vikas Thapar	1.69	0.56	-	-	-	-
	Mr. Sanjay Mehta	70.99	23.66	-	-	-	-
	Mrs. Bhavna Mehta	42.25	14.08	-	-	-	-
15)	Commission Paid						
	<i>Key management personnel: other than whole time directors</i>						
	Mr. S.K. Bapat	5.90	5.90	-	6.00	-	5.90
	Mr. Humayun Dhanrajgir	3.20	3.20	-	3.00	-	3.20
	Mr. Berjis Desai	3.80	3.80	-	3.60	-	3.80
	Dr. Girish Telang	-	11.40	-	10.00	-	11.40
16)	Sitting fees Paid						
	<i>Key management personnel: whole time directors</i>						
	Mr. Satish Mehta	3.49	3.26	-	0.87	-	-
	<i>Key management personnel: relatives</i>						
	Mr. Vikas Thapar	3.49	3.26	-	0.87	-	-
	<i>Key management personnel: other than whole time directors</i>						
	Mr. S.K. Bapat	0.47	0.69	-	-	-	-
	Mr. Humayun Dhanrajgir	0.16	0.24	-	-	-	-
	Mr. Berjis Desai	0.20	0.08	-	-	-	-
	Dr. Girish Telang	-	0.21	-	-	-	-
	Mr. Amit Chandra	-	0.08	-	-	-	-
	Mr. Samonnoi Banerjee	0.12	0.06	-	-	-	-
	Dr. Fakrul Sayeed	4.75	4.44	-	1.19	-	-
17)	Rent Paid						
	<i>Key management personnel: whole time directors</i>						
	Mr. Sunil Mehta	0.33	0.31	-	-	-	-
	<i>Key management personnel: relatives</i>						
	Mr. Sanjay Mehta	0.33	0.31	-	-	-	-
	Mrs. Bhavna Mehta	0.24	0.21	-	-	-	-

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For the year ended March 31, 2019

Note 50 : Post-Employment Benefits:

a) Defined contribution plans

The Group has certain defined contribution plans. Contributions are made as per local regulations. The contributions are made to registered provident/other fund administered by the government. The obligation of the group and two of its Indian subsidiaries are limited to the amount contributed and it has no further contractual nor any constructive obligation.

Contributions are made to employees family pension fund in India for employees as per local regulations. The contributions are made to provident fund administered by the government. The obligation of the group and two of its Indian subsidiaries are limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is Rs. 114.00 million (March 31, 2018 Rs. 112.83 million).

Defined contribution plans: The group has recognised the following amount in the Statement of Profit and Loss for the year

Rs. in million

Particulars	March 31, 2019	March 31, 2018
i) Contribution to employees provident fund	196.65	181.12
ii) Contribution to employees family pension fund	114.00	112.83
iii) Contribution to Canada pension plan	3.40	2.89
iv) Contribution to defined contribution plan (401K)	40.47	31.25
v) Contribution to national insurance contributions	32.27	21.83
vi) Other defined Contribution plans	189.60	141.63
Total	576.39	491.55

b) Post-employment obligations

Gratuity

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

c) Defined benefit plans

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Rs. in million

Particulars	Present Value of Obligation	Fair Value of Plan assets	Total
As at April 1, 2017	495.68	(364.24)	131.44
Current service cost	88.15	-	88.15
Interest expenses/(income)	33.13	(26.18)	6.95
Mortality charges and taxes	-	4.46	4.46
Total amount recognised in statement of profit and loss	121.28	(21.72)	99.56
Remeasurements			
- Return on plan assets, excluding amounts included in interest	-	(5.55)	(5.55)
- Defined benefit obligations	(4.44)	-	(4.44)
Total amount recognised in other comprehensive income	(4.44)	(5.55)	(9.99)
Employer contribution	-	(92.66)	(92.66)
Benefit payments	(37.39)	37.39	-
As at March 31, 2018	575.13	(446.78)	128.35
Current service cost	101.06	-	101.06
Interest expenses/(income)	39.88	(36.05)	3.83
Mortality charges and taxes	-	5.07	5.07
Transfer In/(Out)	(0.73)	(0.43)	(1.16)
Total amount recognised in statement of profit and loss	140.21	(31.41)	108.80

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Rs. in million

Particulars	Present Value of Obligation	Fair Value of Plan assets	Total
Remeasurements			
- Return on plan assets, excluding amounts included in interest expense/(income)	-	(2.11)	(2.11)
- Defined benefit obligations	16.12	-	16.12
Total amount recognised in other comprehensive income	16.12	(2.11)	14.01
Employer contribution	-	(118.91)	(118.91)
Benefit payments	(57.15)	57.15	-
As at March 31, 2019	674.31	(542.06)	132.25

d) *The net liability disclosed above relates to funded and unfunded plans are as follows:*

Rs. in million

Particulars	March 31, 2019	March 31, 2018
Present value of obligation	674.31	575.13
Fair value of plan assets	(542.06)	(446.78)
Deficit of funded plan	132.25	128.35

The Group has no legal obligation to settle the deficit in the funded plans with an immediate contribution or additional one off contributions. The Group intends to continue to contribute the defined benefit plans as per the demand from Life Insurance Corporation (LIC) of India.

Significant estimates: actuarial assumptions and sensitivity

Post-employment benefits (gratuity) - The significant actuarial assumptions were as follows:

Particulars	March 31, 2019	March 31, 2018
a) Discount rate	6.8 - 7.7%	7.2%-7.7%
b) Expected rate of return on plan assets	7.2%-7.7%	6.6%-7.0%
c) Salary escalation rate	8%-10%	8.0%

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

e) **Sensitivity analysis:** The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions

Particulars	Change in assumption		Increase in assumption		Decrease in assumption	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Discount rate	1.00%	1.00%	(24.01)	(20.53)	26.01	22.17
Salary escalation rate	1.00%	1.00%	19.26	16.51	(18.10)	(15.57)
Withdrawal rate	1.00%	1.00%	(2.13)	(1.48)	2.27	1.54

Assumptions regarding future mortality for gratuity benefit is set based on actuarial advice in accordance with published statistics and experience in India.

f) **Risk exposure**

Through its defined benefit plans, the group is exposed to a number of risks, the most significant of which are detailed:

- i) **Asset volatility :** The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. All assets are maintained with fund managed by LIC of India.
- ii) **Changes in bond yields:** A decrease in bond yields will increase plan liabilities.
- iii) **Future salary escalation and inflation risk :** Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the group is successfully able to neutralize valuation swings caused by interest rate movements. Hence group is encouraged to adopt asset-liability management.

The Group's all assets are maintained in a fund managed by LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

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g) Defined benefit liability and employer contributions

The Group has agreed that it will aim to eliminate the deficit in gratuity plan over the years. Funding levels are assessed by LIC on annual basis and the Group makes contribution as per the instructions received from LIC. The Group compares the expected contribution to the plan as provided by actuary with the instruction from LIC and assesses whether any additional contribution may be required. The Group considers the future expected contribution will not be significantly increased as compared to actual contribution.

Expected contributions to post-employment benefit plans for the year ending March 31, 2020 are INR 108.05 million.

The weighted average duration of the defined benefit obligation ranged between 3.04 - 9.20 years (March 31, 2018 - 3.05 - 7.73 years). The expected maturity analysis of gratuity is as follows:

Rs. in million					
Particulars	Less than 1 year	between 1-2 years	between 2-5 years	over 5 years	Total
As at March 31, 2019					
Defined benefit obligation - gratuity	171.05	144.73	349.92	423.09	1,088.79
As at March 31, 2018					
Defined benefit obligation - gratuity	140.75	116.91	320.65	380.59	958.90

h) Major plan assets

Rs. in million		
Particulars	March 31, 2019	March 31, 2018
	Unquoted	Unquoted
Investment funds		
- Insurance funds (LIC Pension and Group Schemes fund)	542.06	446.78
Total	542.06	446.78

The category wise details of the plan assets is not available as it's maintained by LIC.

Note 51 : Employees stock option plan

As at 31 March 2019, the Group has the following share-based payment arrangement:

i. Share option plans (equity settled)

"Emcure ESOS 2013" : The Board vide its resolution dated October 10, 2013, March 14, 2016, July 07, 2017, Nov 01, 2018, Feb 01, 2019 granted 710,000, 145,000, 100,000, 840,000, 240,000, 230,000 Employee Stock Options respectively to the eligible employees under "Emcure ESOS 2013" in compliance with the provisions of the applicable law and rules framed thereunder. The eligible employees, including directors, are determined by the Remuneration Committee from time to time. These options will vest over period of 3 to 5 years from the grant date and are subject to the condition of continued service of the employees.

Once vested the option can be exercised within 5 years from date of Initial Public Offer (IPO). The exercise price of the options is equal to fair market value of the shares as determined by an independent valuer as at grant dates. If IPO does not take place or shares are not listed within 2 years from the date of grant, Remuneration committee at its sole discretion, subject to prior approval of the Company's shareholders' can settle the vested options in cash or allow exercise of option before listing at a price arrived at by an independent valuer. However no options have been settled in cash or allowed to be exercised till March 31, 2019 except for one employee.

Options granted under this scheme carry no dividend or voting rights. When exercised, one option is convertible into one equity share.

Set out below is a summary of the options granted under the plan:

Particulars	Tranche - 1			Tranche - 2			Tranche - 3		
	Exercise Price	March 31, 2019	March 31, 2018	Exercise Price	March 31, 2019	March 31, 2018	Exercise Price	March 31, 2019	March 31, 2018
Date of grant	October 01, 2013			March 14, 2016			July 7, 2017		
Opening balance	221.25*	16,00,000	19,70,000	508.75*	5,80,000	5,80,000	300	1,00,000	1,00,000
Grant during the year	-	-	-	-	-	-	-	-	-
Adjustment for bonus Issue*	221.25*	-	-	508.75*	-	-	-	-	-
Cancelled during the year	221.25*	(2,00,000)	(3,70,000)	508.75*	(4,60,000)	-	-	-	-
Exercised during the year	221.25*	-	-	508.75*	-	-	-	-	-
Closing balance	221.25*	14,00,000	16,00,000	508.75*	1,20,000	5,80,000	300	1,00,000	1,00,000

Notes to the consolidated financial statements

For the year ended March 31, 2019

Particulars	Tranche - 1			Tranche - 2			Tranche - 3		
	Exercise Price	March 31, 2019	March 31, 2018	Exercise Price	March 31, 2019	March 31, 2018	Exercise Price	March 31, 2019	March 31, 2018
Date of grant	October 01, 2013			March 14, 2016			July 7, 2017		
Exercisable		-	-		-	-		-	-

Particulars	Tranche - 4			Tranche - 5			Tranche - 6		
	Exercise Price	March 31, 2019	March 31, 2018	Exercise Price	March 31, 2019	March 31, 2018	Exercise Price	March 31, 2019	March 31, 2018
Date of grant	November 01, 2018			December 01, 2018			February 01, 2019		
Opening balance	-	-	-	-	-	-	-	-	-
Grant during the year	522	8,40,000	-	522	2,40,000	-	522	2,30,000	-
Cancelled during the year	-	-	-	-	-	-	-	-	-
Exercised during the year	-	-	-	-	-	-	-	-	-
Closing balance	522	8,40,000	-	522	2,40,000	-	522	2,30,000	-
Vested								-	-
Exercisable		-	-		-	-		-	-

*During the year ended March 31, 2016, the Group had issued bonus shares to its shareholders in the ratio of 3:1. Correspondingly, proportionate adjustment has been made by increasing the number of options granted and reducing exercise price per option. Board of directors vide resolution dated January 29, 2016 have approved the adjustments to options granted.

No options have expired during the periods covered in the above table.

Share options outstanding at the end of the year have the following exercise prices:

Grant Date	Exercise Share option price (Rs.) March 31, 2019	Number of share options March 31, 2019	Exercise Share option price (Rs.) March 31, 2018	Number of share options March 31, 2018
October 1, 2013	221.25	14,00,000	221.25	16,00,000
March 14, 2016	508.75	1,20,000	508.75	5,80,000
July 07, 2017	300.00	1,00,000	300.00	1,00,000
November 01, 2018	522.00	8,40,000	-	-
December 01, 2018	522.00	2,40,000	-	-
February 01, 2019	522.00	2,30,000	-	-
Total	370.18	29,30,000	297.84	22,80,000
Weighted average remaining contractual life of options	7.09 Years		8.02 Years	

Fair value of equity settled share based payment arrangements:

1,310,000 employee stock options were granted during the year ended March 31, 2019. The fair value as at grant date is determined using the Black Scholes Merton Model which takes into account the exercise price, term of option, share price at grant date, expected price volatility of underlying share, expected dividend yield and risk free interest rate for the term of option.

The model inputs for options granted during the year ended March 31, 2019 included:

Sr.	Particulars	Tranche 4	Tranche 5	Tranche 6a	Tranche 6b	Tranche 6c
a.	Options granted	8,40,000	2,40,000	1,80,000	20,000	30,000
b.	Exercise Price Rs.	522.0	522.0	522.0	522.0	522.0
c.	Share Price at grant date	522.0	522.0	522.0	522.0	522.0
d.	Date of grant	01-Nov-18	01-Dec-18	01-Feb-19	01-Feb-19	01-Feb-19
e.	Expected price volatility of the company's shares	30.02%	30.11%	30.28%	30.28%	30.28%
f.	Expected dividend yield	1.00%	1.00%	1.00%	1.00%	1.00%

Notes to the consolidated financial statements

For the year ended March 31, 2019

Sr.	Particulars	Tranche 4	Tranche 5	Tranche 6a	Tranche 6b	Tranche 6c
g.	Risk free interest rate	7.67%	7.42%	7.13%	7.13%	7.13%
h.	Expected life of options	2.51	2.56	2.44	2.41	3.27

Volatility is a measure of the movement in the prices of the underlying assets. Since the Company is an unlisted Company, volatility of similar listed entities has been considered. Expected volatility has been based on an evaluation of the historical volatility of the similar listed entities (peers) share price, particularly over the historical period commensurate with the expected term. The expected term of the instrument has been based on historical experience and general option holder behavior.

Expenses recognised in statement of profit and loss:

Rs. in million

Particulars	March 31, 2019	March 31, 2018
Employee share-based payment	52.87	34.02

Note 52 : - Stock appreciation rights

The Group through its step down subsidiary, Heritage Pharmaceuticals Inc ("Heritage") has entered into Stock Appreciation Rights Agreement (the "Plan") with certain employees to grant stock appreciation rights (SARs) under a stock incentive plan.

The stock appreciation rights have been considered as cash settled options and classified as a liability.

Heritage, vide board resolution passed on April 26, 2019 has decided to cease issuing new SAR awards under the SAR plan and to settle, resolve, discharge any vested awards that were previously issued under the SAR plan to current or former employees, advisors or consultants that remain open and unpaid as of the date thereof. It has also been resolved that on settlement and discharge of all open SAR awards, Heritage will terminate and wind up the SAR plan.

As on March 31, 2019, SARs are out of money (except SARs which are granted at 2011 baseline). The liability for SARs granted to current employees is estimated at US\$ 0.29 Million (Rs. 20.4 Million).

In addition to above, Heritage is carrying SAR provision of US\$1.25 Million (Rs. 87.8 Million) (towards erstwhile employee who has left the organisation) which was freezed as on the date the employee left the organisation.

Subsequent to year-end, Heritage cash settled 25,000 shares of SAR awards, which were outstanding and vested as of March 31, 2019 for US\$ 0.10 million (Rs. 7.04 Million).

During the year ended March 31, 2019, the SAR liability has reduced by US\$ 17.72 million (Rs. 1,238.52 Million) of which US\$ 14.23 million (Rs. 994.28 Million) relates to SAR liability written back for former executives pursuant to settlement agreement entered with such executives as per which the group's liability for the amount pertaining to the vested SARs has ceased subsequent to the year ended March 31, 2019 (also disclosed in exceptional items -refer note 36). Further SAR liability amounting to US\$ 3.49 Million (Rs. 244.24) has reduced on account of changes in fair value of the SAR as at March 31, 2019 vis-a-vis that as at March 31, 2018.

As at March 31, 2018, these SAR were in the money and accordingly, liability was provided based on projected unit credit method. The amounts recognized in the balance sheet and movements in the obligation were as below:

Particulars	Rs. in million
As at March 31, 2017	1,248.86
Current service cost	71.66
Interest expenses/(income)	29.78
(Gain)/loss from change in obligation*	(101.44)
Foreign currency translation reserve	6.26
As at March 31, 2018	1,255.12

* Actual gain on change was Rs. 192.13 million and had been restricted to Rs. 101.44 million as per management estimates.

Post-Employment Benefits - The significant actuarial assumptions were as follows:

Particulars	March 31, 2018
a. Discount rate	3.10%
b. Withdrawal rate	0.00%
c. Expected redemption of SARs	On completion of 5 th year - 40% 9 th year - 40% 10 th year - 20%

Sensitivity:

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Defined benefit obligation (DBO) and aids in understanding the uncertainty of reported amounts. Sensitivity analysis is done by varying one parameter at a time and studying its impact

Notes to the consolidated financial statements

For the year ended March 31, 2019

Rs. in million

Particulars	March 31, 2018
Defined benefit obligation - increase in discount rate by 25 basis points	1,174.19
Defined benefit obligation - decrease in discount rate by 25 basis points	1,152.51

Note no. 53 - Impairment assessment for goodwill

Goodwill is tested for impairment on an annual basis. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to a the Group's Cash Generating Unit (CGU) or groups of CGUs expected to benefit from the synergies arising from the business combinations. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Rs. in million

Goodwill movement	March 31, 2019	March 31, 2018
Opening balance	3,555.20	3,421.57
<i>Goodwill on acquisition</i>		
- Emcure NZ Limited (Refer to note 54)	-	48.13
Impact of foreign currency translation	214.51	85.50
Impairment during the year	(9.30)	-
Closing balance	3,760.41	3,555.20

Impairment occurs when the carrying amount of a CGU, including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of CGU is higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of the future cash flows expected to be derived from the CGU.

The carrying amount was computed by allocating the net assets to the CGU for the purpose of impairment testing.

Value-in-use is calculated using after tax assumptions. The use of after tax assumptions does not result in a value-in-use that is materially different from the value-in-use that would result if the calculation was performed using before tax assumptions.

The average range of key assumptions used for the calculations are as follows:

Particulars	March 31, 2019	March 31, 2018
Long term growth rate	3%-25%	5%-20%
After tax discount rate	7%-12.95%	3%-7.5%
Terminal growth rate	1%-2%	1%

Based on the above, no impairment was identified as of March 31, 2019 and March 31, 2018 as the recoverable value of the CGUs exceeded the carrying value except for the impairment loss recognised on the goodwill pertaining to subsidiary in New Zealand. An analysis of the calculation's sensitivity to a change in the key parameters (revenue growth, operating margin, discount rate and long-term growth rate) based on reasonably probable assumptions, did not identify any probable scenarios where the recoverable amount of the CGU would fall below the respective carrying amounts of non financials assets.

Note 54 : - Business combination

In the previous year, the Company had acquired 100% equity shares of Ginai Pharmaceuticals Ltd., New Zealand (now known as Emcure NZ limited), through its wholly owned subsidiary Emcure Pharmaceuticals Pty Ltd (EPL, Australia) vide agreement dated June 16, 2017. Ginai Pharmaceuticals Ltd., is incorporated in New Zealand. Ginai Pharmaceuticals Ltd., New Zealand is engaged in the business of distributing and selling pharmaceutical products in New Zealand.

Details of the purchase consideration is as follows:

Purchase consideration :

Sr.No.	Particulars	Amount Rs. million
a.	Amount paid on conclusion of the agreement	37.98
	Total consideration paid	37.98

Notes to the consolidated financial statements

For the year ended March 31, 2019

The assets and liabilities recognised as a result of the acquisition in the previous year was as follows:

Sr.No.	Particulars	Amount Rs. million
a.	Intangible assets	
	-Product dossiers	0.05
b.	Tangible assets	0.49
c.	Other liabilities	(10.69)
	Net Identifiable liabilities acquired	(10.15)

Goodwill arising on acquisition

Sr.No.	Particulars	Amount Rs. million
a.	Consideration transferred	37.98
b.	Less: Net Identifiable liabilities acquired	(10.15)
	Resulting Goodwill	48.13

The goodwill of Rs. 48.13 million comprises the expected synergies arising from the acquisition. The goodwill is non tax-deductible.

- The amounts of losses of Rs. 1.69 million (NZD 36,198) in profit or loss of the acquiree since the acquisition date was included in the consolidated statement of profit and loss for the previous year; and
- Assuming that the acquisition date for all business combinations that occurred during the previous year had been as of the beginning of the annual reporting period of previous year, the amounts of profit of Rs. 0.35 million (NZD 5,442) would have been included in profit or loss in the consolidated financial statements for the previous reporting period.

Note 55 : - Revenue from contracts with customer

Rs. in million

Particulars	Year ended
	March 31, 2019
Revenue recognised from contracts with customers	47,171.83
Disaggregation of revenue	
Based on markets	
Within India	20,478.49
Outside India -	
a. Europe	5,660.54
b. North America	15,551.56
c. Other continents	5,481.24
Total	47,171.83
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	136.32
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-

There is no significant change in the contract assets and liabilities.

The Group satisfies its performance obligations pertaining to the sale of goods at point in time when the control of goods is actually transferred to the customers. No significant judgment is involved in evaluating when a customer obtains control of promised goods. The contract with customers are generally fixed price contract subject to refund due to returns or chargeback claims and do not contain any financing component. The payment is generally due within 7-180 days. The Company is obliged for returns/refunds due to expiry, saleable returns and chargeback claims. There are no other significant obligations attached in the contract with customer.

There is no significant judgement involved in ascertaining the timing of satisfaction of performance obligation and in evaluating when a customer obtains control of promised goods. Transaction price ascertained for the performance obligation of the Group is agreed in the contract with the customer, which also include variable consideration.

Notes to the consolidated financial statements

For the year ended March 31, 2019

Reconciliation of contract price with revenue recognised in statement of profit and loss:

Rs. in million

Particulars	Amount
Contract price	84,434.03
Less:	
Chargebacks claims	(35,590.57)
Amount recognised as sales returns & breakage expiry	(1,671.63)
Revenue recognised in statement of profit and loss	47,171.83

Changes in accounting policies

Impact on the financial statements

Effective April 1, 2018, the Company has adopted Ind AS 115 "Revenue from Contracts with Customers" using the modified retrospective method. The adoption of the standard did not have any material impact on the financial statements of the Group.

Note 56 : - Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

Rs. in million

Particulars	Note	March 31, 2019	March 31, 2018
Current			
Financial assets			
Cash and cash equivalents	12	748.63	2,387.60
Bank balances other than above	13	128.42	104.14
Trade receivables	11	8,369.22	8,196.72
Other financial assets	14	6.11	1.39
Non-financial assets			
Inventories	10	10,943.95	9,592.04
Other current assets	15	304.77	919.63
Total current assets pledged as security		20,501.10	21,201.52
Non current			
Financial assets			
Deposits with banks	8	88.60	76.47
Security deposits	7	43.15	23.17
Property, plant and equipment, Capital work in progress and Intangibles assets and Intangible assets under development	2, 3, 4 & 5	22,088.86	14,081.68
Total non current assets pledged as security		22,220.61	17,211.38
Total assets pledged as security		42,721.71	38,412.90

The group has pledged investment in equity shares of Marcan Pharmaceuticals Inc., Emcure Pharma UK Ltd and Heritage Pharma Holdings Inc. against the loan obtained by respective subsidiary. At consolidated level these investments are eliminated.

Notes to the consolidated financial statements

For the year ended March 31, 2019

Note 57 : - Additional information required by Schedule III

Name of the entity in the group	Net assets (total assets minus total liabilities)		Share in profit / (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (Rs. In million)	As % of consolidated profit or loss	Amount (Rs. In million)	As % of consolidated other comprehensive income	Amount (Rs. In million)	As % of total comprehensive income	Amount (Rs. In million)
Parent								
Emcure Pharmaceuticals Limited								
March 31, 2019	93.5%	17,775.10	135.6%	2,836.55	0.3%	1.09	116.8%	2,837.64
March 31, 2018	80.4%	14,105.69	139.4%	2,427.68	12.5%	10.09	133.7%	2,437.77
Subsidiaries								
Indian								
Genova Biopharmaceuticals Limited								
March 31, 2019	4.1%	781.78	6.9%	144.18	0.0%	(0.04)	5.9%	144.14
March 31, 2018	3.9%	678.54	8.6%	150.43	2.1%	1.66	8.3%	152.09
Zuventus Healthcare Limited								
March 31, 2019	11.8%	2,250.28	19.7%	411.60	-2.4%	(8.10)	16.6%	403.50
March 31, 2018	13.8%	2,428.26	18.9%	328.57	-6.5%	(5.24)	17.7%	323.33
Foreign								
Heritage Pharma Labs Inc.								
March 31, 2019	-5.9%	(1,120.73)	-38.3%	(800.31)	0.0%	-	-32.9%	(800.31)
March 31, 2018	-1.6%	(278.79)	-21.6%	(377.08)	-4.9%	(3.93)	-20.9%	(381.01)
Emcure Nigeria Limited								
March 31, 2019	-0.6%	(113.75)	-0.9%	(17.86)	0.0%	-	-0.7%	(17.86)
March 31, 2018	-0.6%	(100.12)	-0.1%	(1.19)	0.0%	-	-0.1%	(1.19)
Emcure Pharmaceuticals Mena FZ LLC.								
March 31, 2019	-2.1%	(406.78)	2.4%	49.30	0.0%	-	2.0%	49.30
March 31, 2018	-2.4%	(421.97)	-0.3%	(5.85)	0.0%	-	-0.3%	(5.85)
Emcure Pharmaceuticals South Africa (Pty) Limited								
March 31, 2019	-0.6%	(112.44)	-0.3%	(5.66)	0.0%	-	-0.2%	(5.66)
March 31, 2018	-0.5%	(95.44)	0.3%	4.75	0.0%	-	0.3%	4.75
Emcure Brasil Farmaceutica Ltda								
March 31, 2019	-0.6%	(109.60)	-3.4%	(70.42)	0.0%	-	-2.9%	(70.42)
March 31, 2018	-0.5%	(89.09)	-0.7%	(11.56)	0.0%	-	-0.6%	(11.56)

Notes to the consolidated financial statements

For the year ended March 31, 2019

Name of the entity in the group	Net assets (total assets minus total liabilities)		Share in profit / (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (Rs. In million)	As % of consolidated profit or loss	Amount (Rs. In million)	As % of consolidated other comprehensive income	Amount (Rs. In million)	As % of total comprehensive income	Amount (Rs. In million)
Heritage Pharma Holdings Inc.								
March 31, 2019	-33.1%	(6,283.69)	-7.9%	(165.99)	0.0%	-	-6.8%	(165.99)
March 31, 2018	-31.8%	(5,582.87)	-54.7%	(952.04)	0.0%	-	-52.2%	(952.04)
Heritage Pharma Inc.								
March 31, 2019	60.6%	11,511.85	6.5%	134.99	0.0%	-	5.6%	134.99
March 31, 2018	59.9%	10,517.97	51.5%	896.70	18.8%	15.16	50.0%	911.86
Emcure Pharma UK Ltd								
March 31, 2019	4.8%	909.14	4.2%	88.50	0.0%	-	3.6%	88.50
March 31, 2018	4.7%	824.67	7.4%	129.37	-146.2%	(118.10)	0.6%	11.27
Tillomed Pharma GmbH								
March 31, 2019	1.9%	363.73	-1.1%	(22.57)	0.0%	-	-0.9%	(22.57)
March 31, 2018	2.2%	390.46	-4.6%	(80.65)	36.8%	29.70	-2.8%	(50.95)
Konsina Ilac Sanayi Ve Dis Ticaret Anonim Sirketi*								
March 31, 2019	0.0%	-	0.0%	-	0.0%	-	0.0%	-
March 31, 2018	0.0%	-	2.6%	45.46	0.0%	-	2.5%	45.46
Tillomed Laboratories Ltd ****								
March 31, 2019	2.9%	547.97	-9.3%	(194.36)	0.0%	-	-8.0%	(194.36)
March 31, 2018	4.2%	736.46	-11.5%	(199.63)	114.0%	92.08	-5.9%	(107.55)
Emcure Pharma Peru S.A.C.								
March 31, 2019	-0.1%	(22.38)	-0.2%	(3.46)	0.0%	-	-0.1%	(3.46)
March 31, 2018	-0.1%	(16.86)	-0.1%	(1.05)	0.0%	-	-0.1%	(1.05)
Emcure Pharma Mexico S.A. DE C.V.								
March 31, 2019	-0.3%	(53.32)	-0.7%	(15.58)	0.0%	-	-0.6%	(15.58)
March 31, 2018	-0.2%	(37.19)	-0.2%	(3.01)	0.0%	-	-0.2%	(3.01)
Marcan Pharmaceuticals Inc.								
March 31, 2019	-4.8%	(916.49)	-16.9%	(353.76)	0.0%	-	-14.6%	(353.76)
March 31, 2018	-3.1%	(536.04)	-26.5%	(461.17)	-13.6%	(11.01)	-25.9%	(472.18)

Notes to the consolidated financial statements

For the year ended March 31, 2019

Name of the entity in the group	Net assets (total assets minus total liabilities)		Share in profit / (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (Rs. In million)	As % of consolidated profit or loss	Amount (Rs. In million)	As % of consolidated other comprehensive income	Amount (Rs. In million)	As % of total comprehensive income	Amount (Rs. In million)
Emcure Pharmaceuticals Pty Ltd								
March 31, 2019	0.3%	48.32	-0.3%	(5.99)	0.0%	-	-0.2%	(5.99)
March 31, 2018	0.3%	55.67	0.3%	5.53	0.0%	-	0.3%	5.53
Laboratories Tillomed Spain S.L.U.								
March 31, 2019	0.2%	36.45	0.8%	15.80	0.0%	-	0.7%	15.80
March 31, 2018	0.1%	21.24	-0.8%	(14.26)	1.7%	1.36	-0.7%	(12.90)
Tillomed Italia S.R.L.								
March 31, 2019	0.2%	39.68	-3.1%	(64.26)	0.0%	-	-2.6%	(64.26)
March 31, 2018	0.2%	31.65	-2.9%	(50.27)	2.5%	2.02	-2.6%	(48.25)
Emcure NZ Limited								
March 31, 2019	0.0%	(9.12)	0.0%	0.19	0.0%	-	0.0%	0.19
March 31, 2018	-0.1%	(10.57)	0.0%	0.18	0.0%	-	0.0%	0.18
Tillomed France SAS **								
March 31, 2019	0.1%	16.62	-0.1%	(2.22)	0.0%	-	-0.1%	(2.22)
March 31, 2018	0.0%	-	0.0%	-	0.0%	-	0.0%	-
HACCO Pharma Inc. ***								
March 31, 2019	0.0%	-	0.0%	-	0.0%	-	0.0%	-
March 31, 2018	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Non controlling Interest in all subsidiaries								
March 31, 2019	3.4%	652.85	6.7%	141.10	-0.6%	(2.08)	5.7%	139.02
March 31, 2018	3.1%	536.05	-0.6%	(9.96)	-1.1%	(0.87)	-0.6%	(10.83)
Elimination/adjustment for consolidation at group level								
March 31, 2019	-35.7%	(6,781.78)	-0.4%	(7.86)	102.7%	347.42	14.0%	339.56
March 31, 2018	-31.9%	(5,611.79)	-4.5%	(79.06)	84.0%	67.88	-0.6%	(11.18)
Total								
March 31, 2019	100.0%	19,003.69	100.0%	2,091.91	100.0%	338.29	100.0%	2,430.20
March 31, 2018	100.0%	17,545.93	100.0%	1,741.89	100.0%	80.80	100.0%	1,822.69

* During the previous year Emcure Pharma UK Ltd sold its investment in Konsina Ilac Sanayi Ve Dis Ticaret Anonim Sirketi, its subsidiary company. The transaction has resulted in loss of control with effect from December 20, 2017.

** The Group has invested in Tillomed France SAS, A direct subsidiary of Emcure UK, on May 30, 2018.

*** The Group has invested in HACCO Pharma Inc., A direct subsidiary of Heritage Pharma Holdings Inc., on March 06, 2019.

**** Includes amounts of Tillomed Holdings Limited UK which has been dissolved subsequently on April 16, 2019.

Notes to the consolidated financial statements

For the year ended March 31, 2019

Note 58 : - Interest in other entities

a) Subsidiaries :

The group's subsidiaries at March 31, 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

All the subsidiaries of the company are engaged in principal business of developing, manufacturing and trading of pharmaceutical products.

Sr No.	Name of subsidiary company	Country of incorporation	Ownership interest held by the group		Ownership interest held by non controlling interests	
			March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	Direct Subsidiaries:					
1	Genova Biopharmaceuticals Limited	India	87.95%	87.95%	12.05%	12.05%
2	Zuventus Healthcare Limited	India	79.58%	79.58%	20.42%	20.42%
3	Emcure Nigeria Limited	Nigeria	100%	100%	-	-
4	Emcure Pharmaceuticals Mena FZ LLC.	UAE	100%	100%	-	-
5	Emcure Pharmaceuticals South Africa (Pty) Limited	South Africa	100%	100%	-	-
6	Emcure Brasil Farmaceutica Ltda	Brazil	100%	100%	-	-
7	Heritage Pharma Holdings Inc.	USA	100%	100%	-	-
8	Emcure Pharma UK Ltd	United Kingdom	100%	100%	-	-
9	Emcure Pharma Peru S.A.C.	Peru	100%	100%	-	-
10	Emcure Pharma Mexico S.A. DE C.V.	Mexico	100%	100%	-	-
11	Emcure Pharmaceuticals Pty Ltd	Australia	100%	100%	-	-
12	Marcan Pharmaceuticals Inc.	Canada	100%	100%	-	-
	Indirect Subsidiaries:					
13	Heritage Pharma Labs Inc.	USA	100%	100%	-	-
14	Heritage Pharmaceuticals Inc.	USA	100%	100%	-	-
15	Konsina Ilac Sanayi Ve Dis Ticaret Anonim Sirketi*	Turkey	-	-	-	-
16	Tillomed Laboratories Ltd	United Kingdom	100%	100%	-	-
17	Tillomed Holdings Ltd #	United Kingdom	100%	100%	-	-
18	Tillomed Pharma GmbH	Germany	100%	100%	-	-
19	Laboratories Tillomed Spain S.L.U.	Spain	100%	100%	-	-
20	Tillomed Italia S.R.L.	Italy	100%	100%	-	-
21	Emcure NZ Limited	New Zealand	100%	100%	-	-
22	Tillomed France SAS**	France	100%	-	-	-
23	HACCO Pharma Inc.***	USA	100%	-	-	-

* The Group has divested its investment in Konsina Ilac Sanayi Ve Dis Ticaret Anonim Sirketi* with effect from December 20, 2017.

** The Group has invested in Tillomed France SAS, A direct subsidiary of Emcure UK, on May 30, 2018.

*** The Group has invested in HACCO Pharma Inc., A direct subsidiary of Heritage Pharma Holdings Inc., on March 06, 2019.

Tillomed Holdings Ltd UK has been dissolved subsequently on April 16, 2019.

Notes to the consolidated financial statements

For the year ended March 31, 2019

b) Non controlling interests :

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarized balance sheet	Genova Biopharmaceuticals Limited		Zuventus Healthcare Limited	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Ownership interest held by non controlling interests	12.05%	12.05%	20.42%	20.42%
Current assets	754.11	599.99	2,017.14	1,978.80
Current liabilities	408.95	348.35	1,623.66	1,700.67
Net current assets	345.16	251.64	393.48	278.13
Non-current assets	1,089.26	1,094.39	3,073.37	2,966.19
Non-current liabilities	576.13	667.49	640.23	816.07
Net non-current assets	513.13	426.90	2,433.14	2,150.12
Net assets	858.29	678.54	2,826.62	2,428.25
Accumulated NCI	76.51	41.08	576.34	494.97

Rs. in million

Summarized statement of profit and loss	Genova Biopharmaceuticals Limited		Zuventus Healthcare Limited		Konsina Ilac Sanayi Ve Dis Ticaret Anonim Sirketi	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Revenue	1,815.20	1,724.98	7,488.64	6,523.86	-	416.22
Profit for the Year	179.66	150.43	517.22	328.57	-	45.46
Other comprehensive income	(0.05)	1.66	(10.17)	(5.24)	-	-
Total comprehensive income	179.61	152.09	507.05	323.33	-	45.46
Total comprehensive income allocated to NCI	35.48	0.55	103.54	(28.70)	-	18.19
Dividends paid to NCI (including dividend distribution tax)	-	-	22.22	12.32	-	-

Summarized cash flow	Genova Biopharmaceuticals Limited		Zuventus Healthcare Limited	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Cash flows from operating activities	332.20	375.43	671.46	567.79
Cash flows from investing activities	(101.87)	(86.65)	(248.97)	(453.72)
Cash flows from financing activities	(75.00)	(90.26)	(412.70)	(79.70)
Net Increase/(decrease) in cash & cash equivalents	155.33	198.52	9.79	34.37

Note 59 : Expenditure on research and development during the year

Revenue expenditure incurred on research and development including in house research & development is Rs. 2,302.19 million (March 31, 2018 Rs. 2,127.97 million). Capital expenditure in relation to acquisition of property, plant and equipment and intangible assets incurred on Research and Development including in house Research and Development is Rs. 65.05 million (March 31, 2018 Rs. 71.81 million).

Notes to the consolidated financial statements

For the year ended March 31, 2019

Note 60 : Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a corporate social responsibility (CSR) committee has been formed by the Company and its Indian subsidiaries. The areas for CSR activities are promoting education, healthcare and ensuring environmental sustainability. Amount spent during the year on activities which are specified in Schedule VII of the Companies Act 2013 are as mentioned below :

- Gross amount of Rs. 76.56 million (March 31, 2018 Rs. 64.27 million) required to be spent during the year by the company and its Indian subsidiaries.
- Amount spent during the year on

Rs. in million

Particulars	Paid	Yet to be paid	Total	Paid	Yet to be paid	Total
	March 31, 2019			March 31, 2018		
(i) Construction/acquisition of any asset	-	-	-	-	-	-
(ii) On purposes as mentioned above	73.28	-	73.28	53.23	-	53.23

Note 61 : The information regarding Micro Enterprises and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

Rs. in million

Particulars	March 31, 2019	March 31, 2018
i) The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	6.58	-
ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
iii) The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprise Development Act, 2006.	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.14	-
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	0.14	-

Note 62 : Excise / GST refund received

- Under Notification No. 56/2002- Central Excise dated November 14, 2002 issued by the Ministry of Finance, Government of India, the Company was entitled to subsidy in the form of refund of proportion of excise duty paid on value additions by its unit at Jammu for the period of 10 years from the date of start of production at Jammu unit on April 25, 2009 and exemption under Notification No. 01/2010- Central Excise dated February 06, 2010 against substantial expansion vide order No. 06/AC/CE/J/EXP 2016 dated May 13, 2016 valid for 10 years. There are no unfulfilled conditions or other contingencies attached to this grant.
- Under Notification dated 05 October 2017 and Circular No. 1060/9/2017-CX dated 27th November, 2017 issued by the Department of Industrial Policy and Promotion (DIPP), the Company is entitled to subsidy in the form of proportionate refund of GST paid in cash (i.e. other than utilising input credit) by its unit at Jammu for a period not exceeding ten years from the date of start of commercial production at Jammu unit . There are no unfulfilled conditions or other contingencies attached to this grant.

Note 63 : Government Grant

Government grants are related to exemption of basic customs duty on purchase of imported machineries to be used for the manufacturing of products. The Company and one of its subsidiaries required to fulfil the export obligation against duty benefit received. Refer note 45B for the details of unfulfilled obligations. Based on past experience, management is confident that it will fulfil conditions attached to the grant received.

Notes to the consolidated financial statements

For the year ended March 31, 2019

Note 64 : Contingent consideration

The Group acquired 100% equity shares in Marcan Pharmaceuticals Inc., International Pharmaceuticals Generics Ltd. and IPG (2015) vide Asset and Share Purchase Agreement (the "agreement") dated November 8, 2015 (the "acquisition Date") through a special purpose vehicle viz. Emcure Pharmaceuticals Canada Limited.

Immediately following this agreement, on November 9, 2015, all entities above were amalgamated and new entity called Marcan Pharmaceuticals Inc. ("Marcan") was formed, the current operating company.

The acquisition was for a total consideration of Rs. 4,619.12 million* (CAD 93 million*). As per the Share Purchase Agreement, there are contingent payments payable to the selling shareholders of Marcan Pharmaceuticals Inc. in the form of preference shares, based on achievement of specific EBITDA levels of Marcan for the year ended March 31, 2021, or at the option of selling shareholders for the year ended March 31, 2022, limited to a maximum of 2,384.06 million (CAD 48 Million).

The fair value of contingent consideration is derived by discounting the estimated payouts to the sellers of Marcan on achievement of EBITDA levels. The key inputs used in the determination of fair value of contingent consideration are discount rate of 10% and probabilities of achievement of EBITDA levels.

Fair value of financial liability payable as at March 31, 2019 amounts to Rs. 2,175.06 million (CAD 41.20 million) (March 31, 2018: Rs. 1,891.63 million (CAD 37.46 million)).

* Considering 1 CAD = 49.67 Rupees, the rate as on the date of acquisition.

Note 65 : Events occurring after the reporting period

- 1) On April 24, 2019, Tillomed Laboratories BV, a 100% step down subsidiary of Emcure Pharma UK Ltd (subsidiary of the Company), was incorporated with equity share capital of Euro 30,000 (equivalent to Rs. 2.35 million).
- 2) On April 16, 2019, Tillomed Holdings Ltd UK has been dissolved.
- 3) For events occurring after reporting period pertaining to stock appreciation rights, refer note 36, 44 & 52.
- 4) For events occurring after reporting period pertaining to litigations, refer note 44.

Note 66 : Specified bank notes (SBNs)

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements, since the requirement does not pertain to financial year ended 31 March 2019.

For B S R & Co. LLP

Firm Registration: 101248W/W-100022
Chartered Accountants

Nirav Patel

Partner
Membership No. 113327

Place: Pune

Date : July 18, 2019

UDIN: 19113327AAAABA2876

For and on behalf of the Board of Directors

CIN -U24231PN1981PLC024251

S.K. Bapat

Director
DIN -00621568

Sanjay Kumar Chowdhary

Company Secretary
Membership No. A12878

Place: Pune

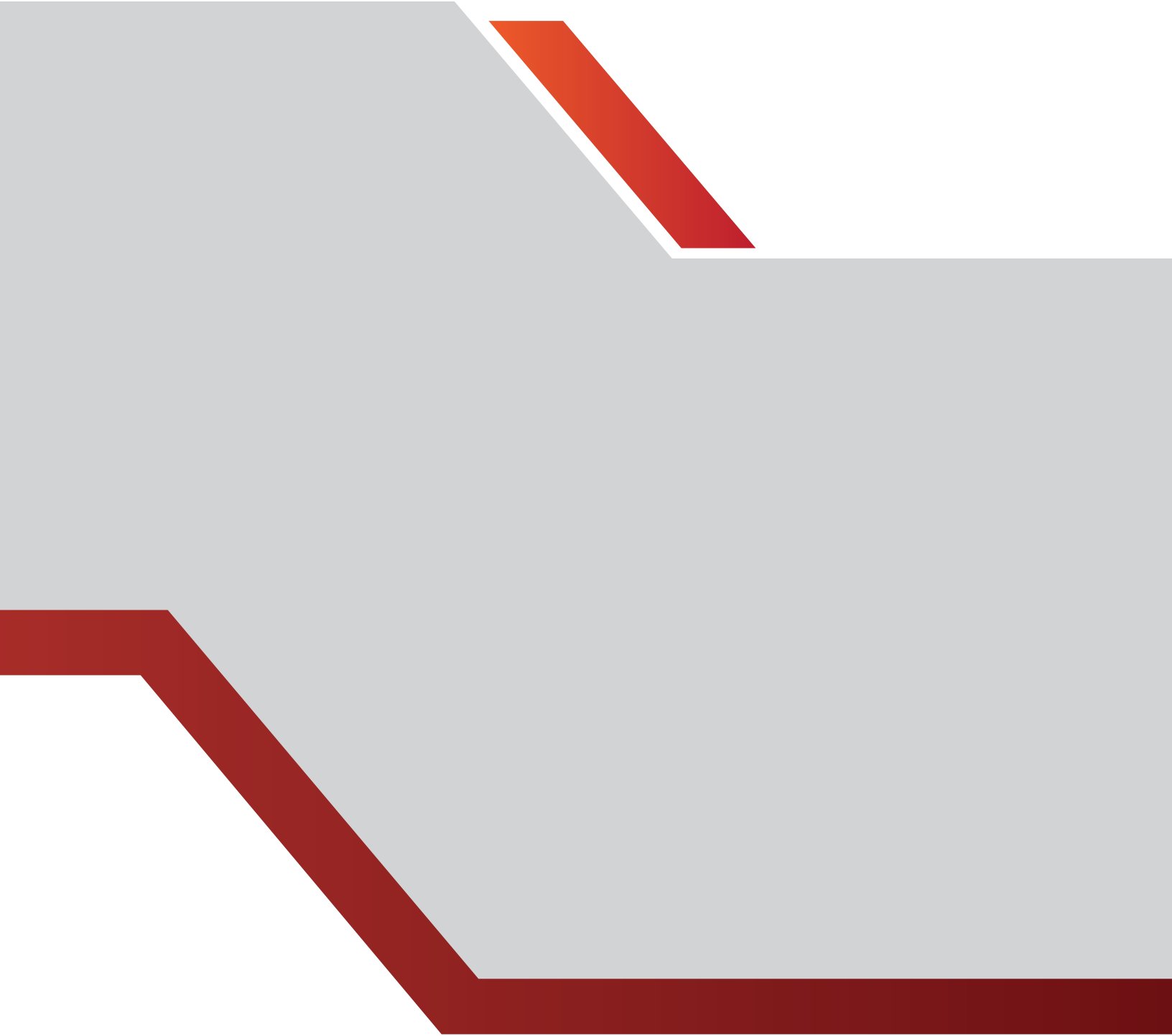
Date : July 18, 2019

Satish Mehta

Managing Director
DIN -00118691


Namita Thapar

Whole Time Director &
Chief Financial Officer
DIN -05318899



Emcure Pharmaceuticals Ltd.

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