



**KYOWA PHARMACEUTICAL INDUSTRY CO., LTD.**

**Head Office** Shin-Osaka MT Bldg 1 10F, 5-13-9,  
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**KYOWA PHARMACEUTICAL INDUSTRY CO., LTD.**

**AUDITED ACCOUNTS**

**(STANDALONE)**

**FOR THE YEAR ENDED  
MARCH 31, 2018**

**Shin-Osaka MT Bldg.1 10F 5-13-9, Nishinakajima, Yodogawa-ku, Osaka 532-0011, Japan**

**To the Board of Directors of  
Kyowa Pharmaceutical Industry Co., Ltd**

1. We have performed the procedures agreed with you enumerated below with respect to translation, adjustment and reformatting of the accompanying Balance Sheet of **Kyowa Pharmaceutical Industry Co., Ltd , Japan** ('the Company') as at March 31, 2018, the Statement of Profit and Loss, the Cash Flow Statement and Statement of changes in Equity of the Company for the year ended on that date. Our engagement was undertaken in accordance with the Standard on Related Services (SRS 4400) "Engagements to Perform Agreed-Upon Procedures regarding Financial Information", issued by the Institute of Chartered Accountants of India. In performing the procedures, we have relied upon the financial statements in Japanese Yen ('JPY') originally audited by the local auditors of the Company in Japan.
2. The JPY amounts as audited, have been translated into Indian Rupees ('INR') by the Company's management on the basis as stated in accounting policy in note 1B (f) (ii) and note 45 of the translated and reformatted financial statements, adjusted as stated in note 47 and reformatted in accordance with the requirements of the Companies Act, 2013.
3. In relation to the financial statements prepared by the management, the following agreed-upon procedures were performed by us:
  - (a) Verifying the translation of the audited financial statements as at and for the year ended March 31, 2018 from JPY into INR on the basis stated in the paragraph 2 above and
  - (b) Verifying the adjustment and reformatting of the audited financial statements as at and for the year ended March 31, 2018 as per the requirements of the Companies Act, 2013.
4. We report that the financial statements prepared in JPY as audited by the local auditors, have been translated, adjusted and reformatted in INR on the basis stated in paragraph 2 above and such financial statements comply with the accounting standards specified under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the requirements of Schedule III to the Companies Act, 2013.
5. The above procedures do not constitute an audit and accordingly, we do not express any audit opinion on the financial statements in JPY referred to in paragraph 1 above.
6. This report is issued with regard to financial statements as translated and reformatted to comply with the provisions of Section 129(3) of the Companies Act, 2013 by the ultimate holding company Lupin Ltd, India and should not be used for any other purposes.
7. The comparative financial information of the Company for the year ended 31<sup>st</sup> March, 2017 included in these translated and reformatted financial statements have been determined by the management of the company and its ultimate holding company.

For Arora & Arora  
Chartered Accountants  
Firm's Registration No: 100544W



Girish Arora  
Partner

Membership No. 41019  
Mumbai, May 14, 2018



## KYOWA PHARMACEUTICAL INDUSTRY CO., LTD.

**BALANCE SHEET AS AT MARCH 31, 2018**

	Note	As at 31.03.2018 JPY	As at 31.03.2018 INR	As at 31.03.2017 JPY	As at 31.03.2017 INR
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, Plant and Equipment	2	15,581,578,618	9,584,229,007	12,337,500,226	7,155,750,132
Capital Work-in-Progress	2	-	-	2,546,217,376	1,476,806,078
Other Intangible assets	2	14,687,297,374	9,034,156,615	14,757,556,469	8,559,382,751
Intangible Assets Under Development	2	-	-	500,000,000	290,000,000
<b>Financial Assets</b>					
Investments	3	5,021,446,861	3,125,453,042	5,021,446,861	3,125,440,722
Loans	4	173,743,542	106,869,653	261,255,000	151,527,900
Deferred Tax Assets (net)	32	686,653,652	422,360,661	855,041,384	495,924,003
Other non-current assets	5	69,155,128	42,537,319	238,653,952	138,419,292
		36,219,875,175	22,315,606,297	36,517,671,268	21,393,250,878
<b>Current Assets</b>					
Inventories	6	8,205,493,846	5,047,199,265	10,057,753,246	5,833,496,883
<b>Financial Assets</b>					
Trade Receivables	7	8,113,510,181	4,990,620,112	9,340,319,920	5,417,385,554
Cash and Cash Equivalents	8	1,577,569,749	970,363,153	238,430,334	138,289,594
Loans	9	160,000,000	98,416,000	-	-
Other Current Financial Assets	10	249,470,959	153,449,587	347,457,756	201,525,499
Other Current Assets	11	62,809,231	38,633,958	1,855,535,113	1,076,210,366
		18,368,853,966	11,298,682,075	21,839,496,369	12,666,907,896
<b>TOTAL</b>		<b>54,588,729,141</b>	<b>33,614,288,372</b>	<b>58,357,167,637</b>	<b>34,060,158,774</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Equity Share Capital	12	101,000,000	34,888,600	101,000,000	34,888,600
Other Equity	13	17,893,544,607	11,070,316,866	15,884,136,734	9,449,492,252
		17,994,544,607	11,105,205,466	15,985,136,734	9,484,380,852
<b>Liabilities</b>					
<b>Non-Current Liabilities</b>					
<b>Financial Liabilities</b>					
Borrowings	14	19,192,239,065	11,805,146,248	7,486,461,428	4,342,147,628
Other Non-Current Liabilities	15	1,373,167,509	844,635,335	-	-
Provisions	16	602,886,883	370,835,721	500,341,549	290,198,098
		21,168,293,457	13,020,617,304	7,986,802,977	4,632,345,726
<b>Current Liabilities</b>					
<b>Financial Liabilities</b>					
Borrowings	17	3,800,000,000	2,337,380,000	25,587,688,000	14,840,859,040
Trade Payables	18	4,907,896,833	3,018,847,343	6,033,084,879	3,499,189,230
Other Financial Liabilities	19	5,589,824,093	3,438,300,799	2,249,488,791	1,304,703,498
Other Current Liabilities	20	822,699,654	506,042,558	32,193,460	18,672,207
Provisions	21	124,766,097	76,743,626	106,322,884	61,667,272
Current Tax Liabilities (Net)	22	180,704,400	111,151,276	376,449,912	218,340,949
		15,425,891,077	9,488,465,602	34,385,227,926	19,943,432,196
<b>TOTAL</b>		<b>54,588,729,141</b>	<b>33,614,288,372</b>	<b>58,357,167,637</b>	<b>34,060,158,774</b>



As per our report of even date

**For Arora & Arora**  
Chartered Accountants  
Registration No.100544W



**Girish Arora**  
Partner  
Membership No 41019  
Place : Mumbai  
Dated :

14 MAY 2018

**For Kyowa Pharmaceutical Industry Co., Ltd.**



**Noriaki Tsunoda**  
President

Place : Osaka, Japan  
Dated : May 11, 2018



**Hiroshi Kobayashi**  
Director

Place : Osaka, Japan  
Dated : May 11, 2018



## KYOWA PHARMACEUTICAL INDUSTRY CO., LTD.

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

	Note	For the Current Year Ended 31.03.2018 JPY	For the Current Year Ended 31.03.2018 INR	For the Previous Year ended 31.03.2017 JPY	For the Previous Year ended 31.03.2017 INR
<b>INCOME:</b>					
Revenue from Operations	23	29,245,064,994	17,006,005,295	22,891,776,613	14,179,166,434
Other Income	24	295,871,529	171,801,008	361,642,794	219,115,731
<b>Total Revenue</b>		<b>29,540,936,523</b>	<b>17,177,806,303</b>	<b>23,253,419,407</b>	<b>14,398,282,165</b>
<b>EXPENSES:</b>					
Cost of Materials Consumed	25	4,584,188,078	2,665,705,367	5,735,215,517	3,552,392,491
Purchases of Stock-in-Trade		6,670,386,429	3,878,829,708	6,824,582,435	4,157,267,458
Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	26	1,758,005,361	790,443,413	(3,162,448,540)	(1,783,478,073)
Employee Benefits Expense	27	4,915,372,010	2,858,075,161	4,666,715,001	2,889,940,868
Finance Costs	28	127,065,392	73,888,526	65,916,905	40,828,931
Depreciation and Amortisation Expense	2	3,240,827,169	1,884,540,999	1,528,812,428	946,946,418
Other Expenses	29	5,476,140,110	3,184,375,472	5,125,210,093	3,174,555,129
<b>Total Expenses</b>		<b>26,771,984,549</b>	<b>15,335,858,646</b>	<b>20,784,003,839</b>	<b>12,978,453,222</b>
<b>Profit before Tax</b>		<b>2,768,951,974</b>	<b>1,841,947,657</b>	<b>2,469,415,568</b>	<b>1,419,828,943</b>
<b>Tax Expense</b>	32				
- Current Tax		586,000,100	340,759,058	667,740,400	413,598,404
- Deferred Tax (net)		169,964,519	98,834,368	(303,384,011)	(187,916,056)
<b>Profit for the Year</b>		<b>2,012,987,355</b>	<b>1,402,354,231</b>	<b>2,105,059,179</b>	<b>1,194,146,595</b>
<b>Other Comprehensive Income</b>					
A (i) Items that will not be subsequently reclassified to profit or loss:					
(a) Remeasurment of Defined Benefit Liability		(5,156,269)	(2,998,370)	6,849,912	4,242,835
(ii) Income tax relating to item that will not be reclassified to profit or loss or loss:	32	1,576,787	916,902	(2,110,457)	(1,307,217)
B (i) Items that will be subsequently reclassified to profit or loss:					
(a) Exchange differences in translating the financial statements of a foreign operation		-	220,551,851	-	(60,125,120)
(ii) Income tax relating to item that will not be reclassified to profit or loss or loss	32	-	-	-	-
<b>Total Other Comprehensive Income</b>		<b>(3,579,482)</b>	<b>218,470,383</b>	<b>4,739,455</b>	<b>(57,189,502)</b>
<b>Total Comprehensive Income for the Year</b>		<b>2,009,407,873</b>	<b>1,620,824,614</b>	<b>2,109,798,634</b>	<b>1,136,957,093</b>
<b>Earnings per Ordinary Share:</b>					
Basic	36	10,270.34	7,154.87	10,740.10	6,092.58
Diluted		10,270.34	7,154.87	10,740.10	6,092.58

Nominal Value of Each Ordinary Share is JPY 500



As per our report of even date

**For Arora & Arora**  
Chartered Accountants  
Registration No.100544W



**Girish Arora**  
Partner  
Membership No 41019  
Place : Mumbai  
Dated :

14 MAY 2018

**For Kyowa Pharmaceutical Industry Co., Ltd.**



**Noriaki Tsunoda**  
President

Place : Osaka, Japan  
Dated : May 11, 2018



**Hiroshi Kobayashi**  
Director

Place : Osaka, Japan  
Dated : May 11, 2018



**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018**

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**A. Equity Share Capital [ Refer note 12 ]**

	As at 31.03.2018		As at 31.03.2017	
	No. of Shares	INR	No. of Shares	INR
Balance at the beginning of the reporting year	196,000	101,000,000	196,000	101,000,000
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the reporting year	196,000	101,000,000	196,000	101,000,000

**B. Other Equity [ Refer note 13 ]**

Particulars	Reserves and Surplus				Foreign Currency Translation Reserve		Other Comprehensive Income		Total Other Equity	
	Legal Reserve		Retained Earnings		JPY	INR	JPY	INR	JPY	INR
	JPY	INR	JPY	INR						
Balance as at 31.03.2016	25,000,000	8,555,000	13,763,337,116	7,789,272,773	-	522,329,850	(13,999,016)	(7,622,464)	13,774,338,100	8,312,535,159
Profit for the year	-	-	2,105,059,179	1,194,146,595	-	-	-	-	2,105,059,179	1,194,146,595
Movement in other comprehensive income for the year	-	-	-	-	-	(60,125,120)	4,739,455	2,935,618	4,739,455	-57,189,502
Balance as at 31.03.2017	25,000,000	8,555,000	15,868,396,295	8,983,419,368	-	462,204,730	(9,259,561)	(4,686,846)	15,884,136,734	9,449,492,252
Profit for the year	-	-	2,012,987,355	1,402,354,231	-	-	-	-	2,012,987,355	1,402,354,231
Movement in other comprehensive income for the year	-	-	-	-	-	220,551,851	(3,579,482)	(2,081,468)	(3,579,482)	218,470,383
Balance as at 31.03.2018	25,000,000	8,555,000	17,881,383,650	10,385,773,599	-	682,756,581	(12,839,043)	(6,768,314)	17,893,544,607	11,070,316,866



As per our report of even date

**For Arora & Arora**  
Chartered Accountants  
Registration No.100544W



**Girish Arora**  
Partner  
Membership No 41019  
Place : Mumbai  
Dated :

**14 MAY 2018**

**For Kyowa Pharmaceutical Industry Co., Ltd.**



**Noriaki Tsunoda**  
President

Place : Osaka, Japan  
Dated : May 11, 2018



**Hiroshi Kobayashi**  
Director

Place : Osaka, Japan  
Dated : May 11, 2018





**KYOWA PHARMACEUTICAL INDUSTRY CO., LTD.**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

	For the Current Year Ended 31.03.2018 JPY	For the Current Year Ended 31.03.2018 INR	For the Previous Year ended 31.03.2017 JPY	For the Previous Year ended 31.03.2017 INR
<b>A. Cash Flow from Operating Activities</b>				
Net Profit before Tax	2,768,951,974	1,841,947,657	2,469,415,568	1,419,828,943
Adjustments for:				
Depreciation and Amortisation	3,240,827,169	1,884,540,999	1,528,812,428	946,946,418
Loss on sale/write off of Fixed Assets (net)	12,514,443	7,277,149	3,351,322	2,075,809
Finance Costs	127,065,392	73,888,526	65,916,905	40,828,931
Interest received on Intercompany Loan	(261,077)	(151,816)	(2,448,214)	(1,516,424)
Interest on Deposits with Banks	-	-	(3)	(2)
Provision for Doubtful Trade Receivables / Advances /				
Deposits written back	194,000	112,811	25,145,356	15,575,034
<b>Operating Profit before Working Capital Changes</b>	<b>6,149,291,901</b>	<b>3,807,615,326</b>	<b>4,090,193,362</b>	<b>2,423,738,709</b>
Changes in Working Capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories	1,852,259,400	821,773,894	(3,241,698,838)	(1,624,666,535)
Trade Receivables	1,226,615,739	461,731,218	(2,330,548,412)	(1,115,416,522)
Current Loans	(160,000,000)	(103,340,243)	300,000,000	176,970,000
Non - Current Loans	87,511,458	50,756,645	(137,018,236)	(79,470,577)
Other Current Financial Assets	97,986,797	49,154,495	(163,645,651)	(87,077,714)
Other Current Assets	1,792,725,882	1,037,847,962	(1,775,881,099)	(982,870,879)
Other Non- Current Assets	2,164,632	1,524,912	14,257,620	14,332,461
Adjustments for increase / (decrease) in operating liabilities:				
Current Trade Payables	(1,125,188,046)	(803,657,059)	1,524,399,043	1,068,031,491
Other Current Financial Liabilities	3,943,893	(59,713,326)	198,400,535	148,989,731
Other Current Liabilities	790,506,194	460,920,527	(29,788,882)	(17,392,012)
Other Non-Current Financial Liabilities	1,373,167,509	802,374,016	(248,400)	(146,531)
Current Provisions	18,443,213	7,504,555	19,687,107	14,119,670
Non-Current Provisions	97,389,065	41,522,504	126,375,241	86,278,781
<b>Cash Generated from Operations</b>	<b>12,206,817,637</b>	<b>6,576,015,426</b>	<b>(1,405,516,610)</b>	<b>25,420,073</b>
Net Income Tax paid	(781,745,612)	(454,291,455)	(530,349,388)	(333,911,617)
<b>Net Cash generated from Operating Activities</b>	<b>11,425,072,025</b>	<b>6,121,723,971</b>	<b>(1,935,865,998)</b>	<b>(308,491,544)</b>
<b>B. Cash Flow from Investing Activities</b>				
Additions to Fixed Assets / Capital work in progress	(3,907,795,453)	(2,265,199,496)	(22,602,662,587)	(13,922,426,085)
Sale of Fixed Assets	49,289,521	28,661,856	1,550,000	960,070
Additional Investment in Subsidiary	-	-	-	-
Interest received on Intercompany Loan	261,077	151,816	2,448,214	1,516,424
Interest on Deposits with Banks	-	-	3	2
<b>Net Cash used in Investing Activities</b>	<b>(3,858,244,855)</b>	<b>(2,236,385,824)</b>	<b>(22,598,664,370)</b>	<b>(13,919,949,589)</b>
<b>C. Cash Flow from Financing Activities</b>				
Proceeds from / ( Repayment of) Non-Current Borrowings	15,687,065,637	9,649,114,073	6,610,673,928	3,834,190,878
Proceeds from / ( Repayment of) Current Borrowings	(21,787,688,000)	(12,636,859,040)	17,887,688,000	10,374,859,040
Finance Costs	(127,065,392)	(73,888,526)	(65,916,905)	(40,828,931)
<b>Net Cash generated from / (used in) Financing Activities</b>	<b>(6,227,687,755)</b>	<b>(3,061,633,493)</b>	<b>24,432,445,023</b>	<b>14,168,220,987</b>
<b>Net increase / (decrease) in Cash and Cash equivalents</b>	<b>1,339,139,415</b>	<b>823,704,654</b>	<b>(102,085,345)</b>	<b>(60,220,146)</b>
Cash and Cash equivalents as at the beginning of the year	238,430,334	(32,407,007)	340,515,679	27,813,139
<b>Cash and Cash equivalents as at the end of the year</b>	<b>1,577,569,749</b>	<b>791,297,647</b>	<b>238,430,334</b>	<b>(32,407,007)</b>

**Notes:**

1. Cash and Cash equivalents include

Cash and Cash Equivalents (Refer note 8)

Unrealised (gain)/loss on foreign currency cash and cash equivalents

Total Cash and Cash equivalents

2. Additions to Fixed Assets are considered as a part of investing activities.

3. Interest income on Bank Deposits is classified as cash flow from investing activities.

4. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard 7 (Ind AS-7) "Statement of Cash Flow".



As per our report of even date

**For Arora & Arora**  
Chartered Accountants  
Registration No.100544W



**Girish Arora**  
Partner  
Membership No 41019  
Place : Mumbai  
Dated :

**14 MAY 2018**

**For Kyowa Pharmaceutical Industry Co., Ltd.**



**Noriaki Tsunoda**  
President

Place : Osaka, Japan  
Dated : May 11, 2018



**Hiroshi Kobayashi**  
Director

Place : Osaka, Japan  
Dated : May 11, 2018



**KYOWA PHARMACEUTICAL INDUSTRY CO., LTD.**

**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

**1A. OVERVIEW:**

Kyowa Pharmaceutical Industry Co. Ltd. ('the Company') was incorporated on 26th January, 1954. The Company belongs to Lupin group, Lupin Holdings B.V., is the direct parent company and ultimate parent company is Lupin Limited. The Company is an innovation led Pharmaceutical Company producing, developing and marketing a wide range of branded and generic formulations in the Japanese market.

**1B. SIGNIFICANT ACCOUNTING POLICIES:**

**a) Basis of accounting and preparation of Standalone Financial Statements:**

*Basis of preparation*

- i) These standalone financial statements of the Company have been prepared in all material aspects in accordance with the recognition and measurement principles laid down in Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified under section 133 of the Companies Act, 2013 ('the Act') read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act and accounting principles generally accepted in India.

*Functional and Presentation Currency*

- ii) These standalone financial statements are presented in Japanese Yen (JPY) which is the functional currency of the Company.

*Basis of measurement*

- iii) These standalone financial statements are prepared under the historical cost convention unless otherwise indicated.

*Use of Estimates and Judgements*

- iv) The preparation of the Standalone Financial Statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the Standalone Financial Statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialize. Estimates and underlying assumptions are reviewed on an ongoing basis.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the accounting policies.

- Measurement of defined benefit obligations (Refer note k)
- Measurement and likelihood of occurrence of provisions and contingencies (Refer note m)
- Recognition of deferred tax assets (Refer note h)
- Useful lives of property, plant and equipment and intangibles (Refer note b & c)
- Impairment of assets (Refer note e)
- Impairment of financial assets (Refer note g)



## b) Property, Plant and Equipment & Depreciation:

### I. Recognition and Measurement:

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. The 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 costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Company incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.
- income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in Statement of Profit and Loss. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate 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.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

### II. Subsequent Expenditure

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

### III. Depreciation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on property, plant and equipment of the Company has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Act, except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on independent technical evaluation and management's assessment thereof, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Particulars	Estimated Useful Life
Buildings	7 to 38 years
Attached Facilities	12 to 38 years
Plant and Equipment	8 years
Vehicles	5 years
Furniture and Fixtures	4 to 15 years

Depreciation method, useful live and residual values are reviewed at each financial year end and adjusted if appropriate.



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

**c) Intangible assets:**

*I. Recognition and Measurement:*

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises of its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use.

Expenditure on research and development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

*II. Subsequent Expenditure*

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

*III. Amortisation*

Intangible assets are amortised over their estimated useful life on Straight Line Method as follows:

Particulars	Estimated Useful Life
Computer Software	5 years
Trademark and Licenses	5 to 10 years
Dossiers/Marketing Rights	5 to 10 years

The estimated useful lives of intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern, if any.

**d) Research and Development:**

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss in the year it is incurred, unless a product's technological feasibility has been established, in which case such expenditure is capitalised. These costs are charged to the respective heads in the Statement of Profit and Loss in the year it is incurred. The amount capitalised comprises of expenditure that can be directly attributed or allocated on a reasonable and consistent basis for creating, producing and making the asset ready for its intended use. Property, Plant and Equipment utilised for research and development are capitalised and depreciated in accordance with the policies stated for Property, Plant and Equipment and Intangible Assets.

Expenditure on in-licensed development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised, if the cost can be reliably measured, the product or process is technically and commercially feasible and the Company has sufficient resources to complete the development and to use and sell the asset.

**e) Impairment of assets:**

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:



- i) an intangible asset that is not yet available for use; and
- ii) an intangible asset that is having indefinite useful life.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognised.

**f) Foreign Currency Transactions/Translations:**

- i) Transactions denominated in foreign currency are recorded at exchange rates prevailing at the date of transaction or at rates that closely approximate the rate at the date of the transaction.
- ii) a) Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate of the reporting date.  
b) 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 the transaction.
- iii) Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous standalone financial statements are recognized in the Statement of Profit and Loss in the period in which they arise.
- iv) Exchange differences arising on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous standalone financial statements are recognized in other comprehensive income / loss and presented with equity as part of Foreign Currency Translation Reserve.

**g) Financial Instruments:**

*I. Financial Assets*

Classification

On initial recognition the Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Initial recognition and measurement

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.





#### Financial assets at amortised cost

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- i) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- ii) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

Financial assets included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

#### Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in other comprehensive income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

#### Investments in subsidiaries and joint venture

Investments in subsidiaries and joint venture are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and the carrying amounts are recognized in the statement of profit and loss.

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - i) the Company has transferred substantially all the risks and rewards of the asset, or



- ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- i) financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.
- ii) trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

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

## *II. Financial Liabilities*

#### Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities measured at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value with changes in fair value being recognised in the Statement of Profit and Loss.

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, at amortised cost (loans, borrowings and payables) or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

#### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the





purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss.

#### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to interest-bearing loans and borrowings.

#### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### Derivative financial instruments

The Company uses derivative financial instruments, such as foreign exchange forward contracts, interest rate swaps and currency options to manage its exposure to interest rate and foreign exchange risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

#### **h) Income tax:**

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates items recognised directly in equity or in OCI.



*Current tax*

Income Tax is measured at the amount expected to be paid as per applicable tax rates in Japan.

*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 amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at 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 only if:

- i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

**i) Inventories:**

Inventories of all procured materials and Stock-in-Trade are valued at the lower of cost (on moving weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to their present location and condition, including non-creditable taxes and other levies, transit insurance and receiving charges. Work-in-process and finished goods include appropriate proportion of overheads and, where applicable, duties on production.

**j) Revenue Recognition:**

- a. Revenue from sale of goods is recognised when goods are shipped to the customer.
- b. Income from research services is recognised in accordance with the terms of the contract with customers.
- c. Revenue (including in respect of insurance or other claims, interest etc.) is recognised when it is reasonable to expect that the ultimate collection will be made.
- d. Revenue from product sales is stated net of returns, sales tax and applicable trade discounts and allowances.
- e. Dividend from investment is recognised as revenue when right to receive the payments is established.
- f. Interest income is recognised with reference to the Effective Interest Rate method.



**k) Employee Benefits:**

*Short term employee benefits*

Short-term employee benefits 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 obligation can be estimated reliably.

*Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided and the Company will have no legal or constructive obligation to pay further amounts. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

*Defined benefit plans*

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 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 obligations is performed periodically by an independent qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (asset) is computed by applying the discount rate, used to measure the net defined liability (asset). Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

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

*Other long-term employee benefits*

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is measured on the basis of a periodical independent actuarial valuation using the projected unit credit method. Remeasurement are recognised in Statement of Profit and Loss in the period in which they arise.

**l) Leases:**

*Determining whether an arrangement contains a lease*

An arrangement, which is not in the legal form of a lease, should be accounted for as a lease, if:

- i) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and
- ii) the arrangement conveys a right to use the asset.



At inception of an arrangement, the Company determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If it is impracticable to separate the payments reliably, then a finance lease receivable is recognised at an amount equal to the fair value of the underlying asset; subsequently, the receivable is reduced as payments are made and a finance income is recognised using the interest rate implicit in the lease.

#### *Finance Lease*

Agreements are classified as finance leases, if substantially all the risks and rewards incidental to ownership of the leased asset is transferred to the lessee.

Assets given under finance leases are recognised as a receivable at an amount equal to the net investment in the lease. Finance income is allocated over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the net investment in the finance lease.

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

#### *Operating Lease*

Agreements which are not classified as finance leases are considered as operating lease. Payments made under operating leases are recognised in Statement of Profit and Loss. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

### **m) Provisions and Contingent Liabilities:**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. If effect of the time value of money is material, provisions are discounted using an appropriate discount rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed in the Notes to the Standalone Financial Statements. Contingent liabilities are disclosed for:

- i) possible obligations which will be confirmed only by future events not wholly within the control of the Company, or
- ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

### **n) Borrowing costs:**

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds and is measured with reference to the effective interest rate (EIR) applicable to the respective borrowing. Borrowing costs include interest costs measured at EIR and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, allocated to qualifying assets, pertaining to the period from commencement of activities relating to construction/development of the qualifying asset up to the date of



capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

All other borrowing costs are recognised as an expense in the period which they are incurred.

**o) Government Grants:**

Government grants are initially recognised at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant;

- In case of capital grants, they are then recognised in Statement of Profit and Loss as other income on a systematic basis over the useful life of the asset.
- 
- In case of grants that compensate the Company for expenses incurred are recognised in Statement of Profit and Loss on a systematic basis in the periods in which the expenses are recognised.

Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and there is no uncertainty in receiving the same.

**p) Earnings per share:**

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for the events for bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). Diluted earnings per share is computed by dividing the profit/(loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on conversion of all dilutive potential equity shares.

**q) Segment reporting:**

The Company operates in one reportable business segment i.e. "Pharmaceuticals".

**r) Operating cycle:**

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**1C. RECENT ACCOUNTING PRONOUNCEMENTS:**

**Ind AS 115 Revenue from Contract with Customers:**

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115 'Revenue from Contracts with Customers' (New Revenue Standard), which replaces Ind AS 11 'Construction Contracts' and Ind AS 18 'Revenue'. The core principle of the New Revenue Standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Some of the key changes introduced by the New Revenue Standard include additional guidance for multiple-element arrangements, measurement approaches for variable consideration, specific guidance for licensing of intellectual property. Significant additional disclosures in relation to revenue are also prescribed. The New Revenue Standard also provides two broad alternative transition options – Retrospective Method and Cumulative Effect Method – with certain practical expedients available under the Retrospective Method. The Company is in the process of evaluating



the impact of the New Revenue Standard on the present and future arrangements and shall determine the appropriate transition option once the said evaluation has been completed.

Also Appendix B to Ind AS 21, foreign currency transactions and advance consideration was notified along with the same notification which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The company has evaluated the effect of these on the financial statements and the impact is not expected to be material.

The amendments will come into force from April 1, 2018.





a) Previous year figures are given in italics below current period figures in each class of assets.



a) Previous year figures are given in italics below current figures in each class of assets.





			As at 31.03.2018 JPY	As at 31.03.2018 INR	As at 31.03.2017 JPY	As at 31.03.2017 INR
<b>3 NON-CURRENT INVESTMENTS</b>						
<b>In Equity Shares</b>	<b>Number</b>	<b>Face Value</b>				
<b>a) In Subsidiary Companies - Unquoted (Trade)</b>						
Kyowa CritiCare Co., Ltd.	31,616,000 (31,616,000)	JPY No par value	5,021,095,861	3,125,237,142	5,021,095,861	3,125,237,142
<b>b) Others - Unquoted (Trade)</b>						
Japan Medical Products Exporter's Association	10 (10)	JPY 5,000	50,000	30,755	50,000	29,000
The Pharmaceuticals and Medical Devices Agency	30 (30)	JPY 10,000	300,000	184,530	300,000	174,000
Osaka Fire Mutual Aid Association	10 (10)	JPY 100	1,000	615	1,000	580
			351,000	215,900	351,000	203,580
<b>Total</b>			<b>5,021,446,861</b>	<b>3,125,453,042</b>	<b>5,021,446,861</b>	<b>3,125,440,722</b>
i) All investments in shares are fully paid up						
ii) Aggregate amount of unquoted investment			<b>5,021,446,861</b>	<b>3,125,453,042</b>	<b>5,021,446,861</b>	<b>3,125,440,722</b>
<b>4 NON-CURRENT LOANS</b>						
Unsecured, considered good unless otherwise stated						
Security Deposits			173,743,542	106,869,653	261,255,000	151,527,900
<b>Total</b>			<b>173,743,542</b>	<b>106,869,653</b>	<b>261,255,000</b>	<b>151,527,900</b>
<b>5 OTHER NON-CURRENT ASSETS</b>						
Capital Advances			68,312,808	42,019,208	235,647,000	136,675,260
Prepaid Expenses			842,320	518,111	3,006,952	1,744,032
<b>Total</b>			<b>69,155,128</b>	<b>42,537,319</b>	<b>238,653,952</b>	<b>138,419,292</b>
<b>6 INVENTORIES</b>						
Raw Materials			1,253,711,418	771,157,893	1,347,981,785	781,829,435
Packing Materials			421,876,534	259,496,256	421,860,206	244,678,919
Work-in-Process			1,180,673,259	726,232,122	1,211,160,753	702,473,237
Finished Goods			2,915,385,430	1,793,253,578	3,848,350,839	2,232,043,487
Stock-in-Trade			2,423,022,495	1,490,401,137	3,102,982,813	1,799,730,032
Goods-in-Transit						
Stock-in-Trade			10,824,710	6,658,279	125,416,850	72,741,773
<b>Total</b>			<b>8,205,493,846</b>	<b>5,047,199,265</b>	<b>10,057,753,246</b>	<b>5,833,496,883</b>
<b>7 TRADE RECEIVABLES</b>						
Other Trade Receivables						
- Considered Good			8,113,510,181	4,990,620,112	9,340,319,920	5,417,385,554
- Considered Doubtful			24,951,356	15,347,579	25,145,356	14,584,306
			<b>8,138,461,537</b>	<b>5,005,967,691</b>	<b>9,365,465,276</b>	<b>5,431,969,860</b>
Less : Provision for Doubtful Trade Receivables			24,951,356	15,347,579	25,145,356	14,584,306
<b>Total</b>			<b>8,113,510,181</b>	<b>4,990,620,112</b>	<b>9,340,319,920</b>	<b>5,417,385,554</b>
<b>8 CASH AND CASH EQUIVALENTS</b>						
Cash and Cash Equivalents (as per IND AS-7 - "Statement of Cash Flows")						
Bank Balances						
- In Current Accounts (including money-in-transit)			1,577,255,431	970,169,816	238,008,286	138,044,806
Cheques on hand			250,457	154,056	348,689	202,240
Cash on hand			63,861	39,281	73,359	42,548
<b>Total</b>			<b>1,577,569,749</b>	<b>970,363,153</b>	<b>238,430,334</b>	<b>138,289,594</b>
<b>9 CURRENT LOANS</b>						
(Financial Assets stated at cost)						
Unsecured, considered good unless otherwise stated						
Loans to related parties			160,000,000	98,416,000	-	-
<b>Total</b>			<b>160,000,000</b>	<b>98,416,000</b>	<b>-</b>	<b>-</b>
<b>10 OTHER CURRENT FINANCIAL ASSETS</b>						
Advances to related parties			8,832,051	5,432,595	198,224,924	114,970,456
Other Loans and Advances			59,877,328	36,830,544	2,020,912	1,172,129
(Includes Advances to Employees and other advances)						
Other Financial Assets			180,761,580	111,186,448	147,211,920	85,382,914
(includes compensation receivable, interest receivable, etc.)						
<b>Total</b>			<b>249,470,959</b>	<b>153,449,587</b>	<b>347,457,756</b>	<b>201,525,499</b>
<b>11 OTHER CURRENT ASSETS</b>						
Advances to Employees			1,050,000	645,855	-	-
Balance with Government Authorities			-	-	1,633,980,060	947,708,435
Prepaid Expenses			61,759,231	37,988,103	221,555,053	128,501,931
<b>Total</b>			<b>62,809,231</b>	<b>38,633,958</b>	<b>1,855,535,113</b>	<b>1,076,210,366</b>



## 12 EQUITY SHARE CAPITAL

## a) Share Capital

Particulars	As at 31.03.2018		As at 31.03.2017	
	JPY	INR	JPY	INR
<b>Authorised</b>				
700000 (previous year 700000) Ordinary Shares of JPY 500 each	350,000,000	119,770,000	350,000,000	119,770,000
<b>Issued, Subscribed and Paid up</b>				
196000 (previous year 196000) Ordinary Shares of JPY 500 each [195644 shares (previous year 195644 shares) are held by Lupin Holdings B.V., Netherlands, the holding company]	101,000,000	34,888,600	101,000,000	34,888,600
<b>Total</b>	<b>101,000,000</b>	<b>34,888,600</b>	<b>101,000,000</b>	<b>34,888,600</b>

## b) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Particulars	As at 31.03.2018			As at 31.03.2017		
	No of Shares	JPY	INR	No of Shares	JPY	INR
Ordinary Shares outstanding at the beginning of the Year	196,000	101,000,000	34,888,600	196,000	101,000,000	34,888,600
Ordinary Shares Issued during the Year	-	-	-	-	-	-
Ordinary Shares outstanding at the end of the Year	<b>196,000</b>	<b>101,000,000</b>	<b>34,888,600</b>	<b>196,000</b>	<b>101,000,000</b>	<b>34,888,600</b>

## c) Rights attached to Ordinary Shares

The Company has only one class of Ordinary shares having a par value of JPY 500 per share. Each holder of Ordinary share is entitled to one vote per share. The Company declares and pays dividends in JPY, if declared.

During the year ended 31 March 2018, the amount of per share dividend recognised as distributions to Ordinary shareholders was JPY nil INR nil (previous year: JPY nil INR nil).

In the event of liquidation of the company, the shareholders of Ordinary shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of Ordinary shares held by the shareholders.

## d) Details of shares held by each shareholder holding more than 5% Ordinary shares

Name of Shareholder	As at 31.03.2018		As at 31.03.2017	
	No of Shares Held	% of Holding	No of Shares Held	% of Holding
Lupin Holdings B.V., Netherlands	195,644	99.82	195,644	99.82

## e) No shares have been issued without payment being received in cash or by way of bonus shares during the period of five years immediately preceding the Balance Sheet date.



	As at 31.03.2018 JPY	As at 31.03.2018 INR	As at 31.03.2017 JPY	As at 31.03.2017 INR
<b>13 Other Equity</b>				
<b>Legal Reserve</b>				
Opening and Closing Balance as per last balance Sheet	25,000,000	8,555,000	25,000,000	8,555,000
<b>Foreign Currency Translation Reserve</b>				
Balance as per last Balance Sheet	-	462,204,730	-	522,329,850
Add: (Debited) / Credited during the Year	-	220,551,851	-	(60,125,120)
Balance as at the Year end	-	682,756,581	-	462,204,730
<b>Surplus in Statement of Profit and Loss</b>				
Balance as per last Balance Sheet	15,868,396,295	8,983,419,368	13,763,337,116	7,789,272,773
Add : Profit for the Year	2,012,987,355	1,402,354,231	2,105,059,179	1,194,146,595
Balance as at the Year end	17,881,383,650	10,385,773,599	15,868,396,295	8,983,419,368
<b>Other Comprehensive Income</b>				
<b>Actuarial Gain / ( Loss)</b>				
Balance as per last Balance Sheet	(9,259,561)	(4,686,846)	(13,999,016)	(7,622,464)
Add: (Debited) / Credited during the year	(3,579,482)	(2,081,468)	4,739,455	2,935,618
Balance as at the year end	(12,839,043)	(6,768,314)	(9,259,561)	(4,686,846)
<b>Total</b>	<b>17,893,544,607</b>	<b>11,070,316,866</b>	<b>15,884,136,734</b>	<b>9,449,492,252</b>

## a) Legal Reserve

This reserve represents appropriation of certain percentage of profit as per the local statutory requirement.

## b) Foreign Currency Translation Reserve

This reserve represents exchange differences arising on account of conversion of foreign operations to Holding Company's reporting currency.

**14 NON-CURRENT BORROWINGS****Secured**

Term Loans from Banks	8,751,259,776	5,382,899,888	3,772,515,714	2,188,059,114
Less: Current Maturities of Long-Term Borrowing				
Term Loans from Banks	1,518,000,000	933,721,800	30,500,000	17,690,000
	<u>7,233,259,776</u>	<u>4,449,178,088</u>	<u>3,742,015,714</u>	<u>2,170,369,114</u>

**Unsecured**

Term Loans from Banks	14,452,767,289	8,889,897,159	3,744,445,714	2,171,778,514
Less: Current Maturities of Long-Term Borrowing				
Term Loans from Banks	2,493,788,000	1,533,928,999	-	-
	<u>11,958,979,289</u>	<u>7,355,968,160</u>	<u>3,744,445,714</u>	<u>2,171,778,514</u>
<b>Total</b>	<b>19,192,239,065</b>	<b>11,805,146,248</b>	<b>7,486,461,428</b>	<b>4,342,147,628</b>

a) The secured term loans from banks as detailed below carry interest rate of 0.24% to 0.75% p.a. They are secured against mortgage on immovable assets of the Company.

b) The unsecured term loans from banks carry interest rate in the range of 0.24% to 0.75% p.a.

c) The unsecured term loans from banks of JPY 21,80,20,00,000 (INR 13,41,04,10,200) are guaranteed by Lupin Limited, the ultimate holding company.

d) The details of repayment and maturity of term loans from banks (secured and unsecured) are as under:

Date of Maturity	No. of Installments	Amount of Installments in JPY	Outstanding on 31.03.2018 in JPY	Outstanding on 31.03.2018 in INR
31/08/2022	18	78,947,000	1,421,053,000	874,089,700
31/03/2023	20	187,500,000	3,743,839,289	2,302,835,547
31/03/2023	20	187,500,000	3,745,714,289	2,303,988,859
26/09/2024	26	357,000,000	9,286,000,000	5,711,818,600
26/09/2024	26	192,000,000	5,007,420,487	3,080,064,342
		<b>Total</b>	<b>23,204,027,065</b>	<b>14,272,797,048</b>

\* Unsecured

The last installment varies in some cases for closure of loan.

e) Lease obligations to financial institutions are secured by hypothecation of the leased equipments.

f) The Company has not defaulted on repayment of loans and interest during the year.



	As at 31.03.2018 JPY	As at 31.03.2018 INR	As at 31.03.2017 JPY	As at 31.03.2017 INR
<b>15 OTHER NON-CURRENT LIABILITIES</b>				
Deferred Revenue	1,373,167,509	844,635,335	-	-
<b>Total</b>	<b>1,373,167,509</b>	<b>844,635,335</b>	<b>-</b>	<b>-</b>
<b>16 NON-CURRENT PROVISIONS</b>				
Provisions for Employee Benefits				
Retirement Benefits	481,369,394	296,090,314	432,386,492	250,784,165
Compensated Absences	16,484,491	10,139,610	16,533,479	9,589,418
Provision for Asset Retirement Obligation	105,032,998	64,605,797	51,421,578	29,824,515
<b>Total</b>	<b>602,886,883</b>	<b>370,835,721</b>	<b>500,341,549</b>	<b>290,198,098</b>
<b>17 CURRENT BORROWINGS</b>				
<b>Secured</b>				
Loans from Banks	1,900,000,000	1,168,690,000	19,387,688,000	11,244,859,040
<b>Unsecured</b>				
Loans Repayable on Demand	1,900,000,000	1,168,690,000	6,200,000,000	3,596,000,000
<b>Total</b>	<b>3,800,000,000</b>	<b>2,337,380,000</b>	<b>25,587,688,000</b>	<b>14,840,859,040</b>
a) The secured term loans from banks carry interest rate in the range of 0.28% to 0.31% p.a.				
b) The unsecured term loans from banks carry interest rate in the range of 0.28% to 0.31% p.a.				
c) The details of repayment and maturity of term loans from banks (secured and unsecured) are as under:				
Date of Maturity	No. of Installments	Amount of Installments in JPY	Outstanding on 31.03.2018 in JPY	Outstanding on 31.03.2018 in INR
30/04/2018	1	3,800,000,000	3,800,000,000	2,337,380,000
<b>Total</b>		<b>3,800,000,000</b>	<b>3,800,000,000</b>	<b>2,337,380,000</b>
* Unsecured				
c) The Company has not defaulted on repayment of loans and interest during the year.				
<b>18 TRADE PAYABLES</b>				
Acceptances	2,727,265,059	1,677,540,738	2,682,038,860	1,555,582,539
Other than Acceptances	2,180,631,774	1,341,306,605	3,351,046,019	1,943,606,691
<b>Total</b>	<b>4,907,896,833</b>	<b>3,018,847,343</b>	<b>6,033,084,879</b>	<b>3,499,189,230</b>
<b>19 OTHER CURRENT FINANCIAL LIABILITIES</b>				
Payable for Purchase of Fixed Assets	382,744,213	235,425,965	1,027,640,804	596,031,666
Employee Benefits Payable	619,569,908	381,097,450	641,708,247	372,190,783
Deposits	575,721,972	354,126,585	549,639,740	318,791,049
<b>Total</b>	<b>5,589,824,093</b>	<b>3,438,300,799</b>	<b>2,249,488,791</b>	<b>1,304,703,498</b>
<b>20 OTHER CURRENT LIABILITIES</b>				
Statutory Payables	658,784,519	405,218,358	32,193,460	18,672,207
Deferred Revenue	163,915,135	100,824,200	-	-
<b>Total</b>	<b>822,699,654</b>	<b>506,042,558</b>	<b>32,193,460</b>	<b>18,672,207</b>
<b>21 CURRENT PROVISIONS</b>				
Provisions for Employee Benefits				
Compensated Absences	98,007,257	60,284,264	81,037,868	47,001,963
Other Provisions				
For Sales Returns	26,758,840	16,459,362	25,285,016	14,665,309
<b>Total</b>	<b>124,766,097</b>	<b>76,743,626</b>	<b>106,322,884</b>	<b>61,667,272</b>
<b>22 Current Tax Liabilities (Net)</b>				
For Taxation (net of Advance Tax)	180,704,400	111,151,276	376,449,912	218,340,949
<b>Total</b>	<b>180,704,400</b>	<b>111,151,276</b>	<b>376,449,912</b>	<b>218,340,949</b>



	For the Current Year Ended 31.03.2018 JPY	For the Current Year Ended 31.03.2018 INR	For the Previous Year ended 31.03.2017 JPY	For the Previous Year ended 31.03.2017 INR
<b>23 REVENUE FROM OPERATIONS</b>				
Sale				
Goods	29,173,321,924	16,964,286,699	22,677,312,769	14,046,327,529
Research Services	32,420,000	18,852,230	-	-
	<u>29,205,741,924</u>	<u>16,983,138,929</u>	<u>22,677,312,769</u>	<u>14,046,327,529</u>
Other Operating Revenue				
Compensation and Settlement Income	24,108,051	14,018,832	195,325,545	120,984,643
Miscellaneous Income	15,215,019	8,847,534	19,138,299	11,854,262
	<u>39,323,070</u>	<u>22,866,366</u>	<u>214,463,844</u>	<u>132,838,905</u>
<b>Total</b>	<b><u>29,245,064,994</u></b>	<b><u>17,006,005,295</u></b>	<b><u>22,891,776,613</u></b>	<b><u>14,179,166,434</u></b>
<b>24 OTHER INCOME</b>				
Interest income on financial assets carried at amortised cost:				
Interest on Deposits with Banks	-	-	3	2
Interest on Intercompany Loan	261,077	151,816	2,448,214	1,516,424
Net gain on Foreign Currency Transactions	-	-	40,539	25,110
Other Non-Operating Income	295,610,452	171,649,192	359,154,038	217,574,195
<b>Total</b>	<b><u>295,871,529</u></b>	<b><u>171,801,008</u></b>	<b><u>361,642,794</u></b>	<b><u>219,115,731</u></b>
<b>25 COST OF MATERIALS CONSUMED</b>				
Raw Materials Consumed	3,761,473,380	2,187,296,770	4,797,643,237	2,971,660,221
Packing Materials Consumed	822,714,698	478,408,597	937,572,280	580,732,270
<b>Total</b>	<b><u>4,584,188,078</u></b>	<b><u>2,665,705,367</u></b>	<b><u>5,735,215,517</u></b>	<b><u>3,552,392,491</u></b>
<b>26 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE</b>				
Opening Stock:				
Finished Goods	3,848,350,839	2,232,043,487	2,396,092,249	1,413,454,818
Stock-in-Trade	3,228,399,663	1,872,471,805	1,585,366,563	935,207,736
Work-in-Process	1,211,160,753	702,473,237	1,144,003,903	674,847,902
	<u>8,287,911,255</u>	<u>4,806,988,529</u>	<u>5,125,462,715</u>	<u>3,023,510,456</u>
Less:				
Closing Stock:				
Finished Goods	2,915,385,430	1,793,253,578	3,848,350,839	2,232,043,487
Stock-in-Trade	2,433,847,205	1,497,059,416	3,228,399,663	1,872,471,805
Work-in-Process	1,180,673,259	726,232,122	1,211,160,753	702,473,237
	<u>6,529,905,894</u>	<u>4,016,545,116</u>	<u>8,287,911,255</u>	<u>4,806,988,529</u>
Changes in Inventories:				
Finished Goods	932,965,409	438,789,909	(1,452,258,590)	(818,588,669)
Stock-in-Trade	794,552,458	375,412,389	(1,643,033,100)	(937,264,069)
Work-in-Process	30,487,494	(23,758,885)	(67,156,850)	(27,625,335)
<b>Total</b>	<b><u>1,758,005,361</u></b>	<b><u>790,443,413</u></b>	<b><u>(3,162,448,540)</u></b>	<b><u>(1,783,478,073)</u></b>



	For the Current Year Ended 31.03.2018 JPY	For the Current Year Ended 31.03.2018 INR	For the Previous Year ended 31.03.2017 JPY	For the Previous Year ended 31.03.2017 INR
<b>27. EMPLOYEE BENEFITS EXPENSE</b>				
Salaries and Wages	4,152,186,272	2,414,496,317	3,934,204,914	2,436,846,524
Contribution to Other Funds	613,409,900	356,697,857	542,981,874	336,322,973
Retirement Benefits Expense	65,034,020	37,817,283	61,276,612	37,954,733
Share based payment Expenses	37,970,881	21,866,404	54,927,592	33,399,747
Staff Welfare Expenses	46,770,937	27,197,300	73,324,009	45,416,891
<b>Total</b>	<b>4,915,372,010</b>	<b>2,858,075,161</b>	<b>4,666,715,001</b>	<b>2,889,940,868</b>
<b>28. FINANCE COSTS</b>				
Interest on Financial Liabilities - borrowing carried at amortised cost	83,876,679	48,774,289	32,773,826	20,300,108
Other Borrowing Costs (includes bank charges, etc.)	40,613,212	23,616,583	31,807,179	19,701,367
Interest on Defined Benefit Liabilities	2,575,501	1,497,654	1,335,900	827,456
<b>Total</b>	<b>127,065,392</b>	<b>73,888,526</b>	<b>65,916,905</b>	<b>40,828,931</b>
<b>29. OTHER EXPENSES</b>				
Processing Charges	761,775,395	442,972,392	515,566,862	319,342,114
Stores and Spares Consumed	238,423,220	138,643,102	284,914,547	176,476,070
Repairs and Maintenance:				
- Buildings	231,020,329	134,338,321	250,083,791	154,901,900
- Plant and Machinery	196,539,339	114,287,626	181,929,955	112,687,414
- Others	191,285,757	111,232,668	143,606,996	88,950,173
Rent	111,400,366	64,779,313	127,347,456	78,879,014
Rates and Taxes	237,867,593	138,320,005	229,742,754	142,302,662
Insurance	17,266,622	10,040,541	12,970,100	8,033,680
Power and Fuel	386,080,613	224,505,876	261,666,392	162,076,163
Contract Labour Charges	386,073,683	224,501,847	408,351,006	252,932,613
Selling and Promotion Expenses	321,271,624	186,819,449	248,304,353	153,799,716
Commission, Brokerage and Discount	16,764,132	9,748,343	7,148,092	4,427,528
Freight and Forwarding	445,111,412	258,832,286	392,965,375	243,402,753
Lease Rent and Hire Charges	301,207,411	175,152,109	294,350,893	182,320,943
Postage and Telephone Expenses	88,286,257	51,338,458	82,965,314	51,388,715
Travelling and Conveyance	506,334,078	294,433,266	537,756,576	333,086,423
Legal and Professional Charges	343,169,656	199,553,155	249,764,729	154,704,273
Donations	1,209,091	703,086	4,160,000	2,576,704
Clinical and Analytical Charges	376,316,710	218,828,167	400,815,678	248,265,231
Loss on sale / write-off of Fixed Assets (net)	12,514,443	7,277,149	3,351,322	2,075,809
Provision for Doubtful Trade Receivables / Advances / Deposits	(194,000)	(112,811)	25,145,356	15,575,034
Net Loss on Foreign Currency Transactions	3,593,834	2,089,814	-	-
Business Compensation and Settlement	848,200	493,228	-	-
Miscellaneous Expenses	301,974,345	175,598,082	462,302,546	286,350,197
(includes Advertisement, Membership and Subscription Printing and Stationary, recruiting charges, etc.)				
<b>Total</b>	<b>5,476,140,110</b>	<b>3,184,375,472</b>	<b>5,125,210,093</b>	<b>3,174,555,129</b>





30. Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances, JPY 365,355,000 INR 224,729,861 (previous year JPY 3,021,778,640 INR 1,752,631,611).

**31. Contingent Liability:**

Corporate Guarantee in respect of credit Facilities sanctioned by bankers of the subsidiary company amounting to JPY 891,667,000 INR 548,464,372 (Previous year JPY 900,000,000 INR 522,000,000).

**32. Income taxes:**

- a) Tax expense recognised in profit and loss:

Particular	Year Ended 31.03.2018		Year Ended 31.03.2017	
	JPY	INR	JPY	INR
Current Tax Expenses for the year	522,397,867	303,774,360	667,740,400	413,598,404
Tax expense w/back of prior years	63,602,233	36,984,698	-	-
Deferred income tax liability / (asset),net				
Origination and reversal of temporary differences	169,964,519	98,834,368	(303,384,011)	(187,916,056)
<b>Tax expense for the year</b>	<b>755,964,619</b>	<b>439,593,426</b>	<b>364,356,389</b>	<b>225,682,348</b>

- b) Tax expense recognised in other comprehensive income:

Items that will not be reclassified to profit or loss				
Remeasurement of the defined benefit plans	1,576,787	916,902	(2,110,457)	(1,307,217)
<b>Total</b>	<b>1,576,787</b>	<b>916,902</b>	<b>(2,110,457)</b>	<b>(1,307,217)</b>

- c) Reconciliation of effective tax rate:

Particular	Year Ended 31.03.2018		Year Ended 31.03.2017	
	JPY	INR	JPY	INR
Profit before Tax as per IndAS	2,768,951,974	1,841,947,657	2,469,415,568	1,419,828,943
Tax using the Company's domestic tax rate @ 30.81%	853,114,103	567,504,072	760,826,937	437,449,297
<b>Tax effect of:</b>				
Expenses not deductible for tax purposes	17,248,913	10,030,243	46,028,910	28,510,306
Incremental deduction allowed for Research & Development costs	(131,925,455)	(76,714,652)	(225,024,986)	(139,380,476)
Tax Incentive on additional employment	(54,016,581)	(31,410,642)	(84,309,180)	(52,221,106)
Investment Allowances	-	-	(134,814,518)	(83,504,112)
Effect on deferred Tax balance due to the change in income tax rate	5,242,912	3,048,753	1,079,263	668,496
Tax effect of prior years	-	-	5,599,217	3,468,155
Others	3,035,352	1,765,058	(5,064,054)	(3,136,674)
Foreign exchange differences	(336,858)	(71,614,104)	34,801	33,828,464
<b>Current and Deferred Tax expense (excluding prior year taxes) as per Note 32(a)</b>	<b>692,362,386</b>	<b>402,608,728</b>	<b>364,356,389</b>	<b>225,682,348</b>

- d) Movement in deferred tax balances:

Particulars	JPY						
	Net balance April 1, 2017	Recognised in profit or loss	Recognised in OCI	FCTR	Net balance March 31, 2018	Deferred tax asset	Deferred tax liability
<b>Deferred tax asset</b>							
Trade Receivables/Provision for Bad Debts	283,031,000	(283,031,000)	-	-	-	-	-
Provision for Employee benefits	142,608,731	38,253,259	1,576,700	-	182,438,690	182,438,690	-
Provision for Expenses	258,616,588	74,732,115	-	-	333,348,703	333,348,703	-
Other items	170,785,065	81,194	-	-	170,866,259	192,841,259	(21,975,000)
<b>Deferred Tax assets (Liabilities)</b>	<b>855,041,384</b>	<b>(169,964,432)</b>	<b>1,576,700</b>	<b>-</b>	<b>686,653,652</b>	<b>708,628,652</b>	<b>(21,975,000)</b>



INR

<b>Deferred tax asset</b>							
Trade Receivables/Provision for Bad Debts	164,157,980	(164,582,527)	-	424,547	-	-	-
Provision for Employee benefits	82,713,064	22,244,270	916,851	6,343,853	112,218,038	112,218,038	-
Provision for Expenses	149,997,621	43,456,725	-	11,588,441	205,042,787	205,042,787	-
Other items	99,055,338	47,214	-	5,997,284	105,099,836	118,616,659	(13,516,823)
<b>Deferred Tax assets (Liabilities)</b>	<b>495,924,003</b>	<b>(98,834,317)</b>	<b>916,851</b>	<b>24,354,125</b>	<b>422,360,661</b>	<b>435,877,484</b>	<b>(13,516,823)</b>

JPY

Particulars	Net balance April 1, 2016	Recognised in profit or loss	Recognised in OCI	FCTR	Net balance March 31, 2017	Deferred tax asset	Deferred tax liability
<b>Deferred tax asset</b>							
Trade Receivables/Provision for Bad Debts	84,950,000	198,081,000	-	-	283,031,000	283,031,000	-
Provision for Employee benefits	102,166,000	42,553,188	(2,110,457)	-	142,608,731	142,608,731	-
Provision for Expenses	207,443,000	51,173,588	-	-	258,616,588	258,616,588	-
Other items	159,208,830	11,576,235	-	-	170,785,065	170,785,065	-
<b>Deferred Tax assets (Liabilities)</b>	<b>553,767,830</b>	<b>303,384,011</b>	<b>(2,110,457)</b>	<b>-</b>	<b>855,041,384</b>	<b>855,041,384</b>	

INR

<b>Deferred tax asset</b>							
Trade Receivables/Provision for Bad Debts	50,051,803	122,691,371	-	(8,585,194)	164,157,980	164,157,980	-
Provision for Employee benefits	60,195,320	26,357,445	(1,307,217)	(2,532,484)	82,713,064	82,713,064	-
Provision for Expenses	122,223,615	31,696,920	-	(3,922,914)	149,997,621	149,997,621	-
Other items	93,804,461	7,170,320	-	(1,919,443)	99,055,338	99,055,338	-
<b>Deferred Tax assets (Liabilities)</b>	<b>326,275,199</b>	<b>187,916,056</b>	<b>(1,307,217)</b>	<b>(16,960,036)</b>	<b>495,924,003</b>	<b>495,924,003</b>	

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

### 33. Segment Reporting:

The Company is exclusively in the Pharmaceutical business segment and has only one reportable primary and secondary reporting segment.

### 34. Auditors' Remuneration:

Payment to Auditors	2017-2018		2016-2017	
	JPY	INR	JPY	INR
a) As audit fees	16,500,000	95,94,750	20,000,000	12,388,000
b) as advisor or in any other capacity of, in respect of:				
- taxation matters	-	-	-	-
- management services	-	-	-	-
b) Reimbursement of Out of pocket expenses	132,376	76,977	99,834	61,837
<b>Total</b>	<b>16,632,376</b>	<b>9,671,727</b>	<b>20,099,834</b>	<b>12,449,837</b>

### 35. Disclosure for lease under Indian Accounting Standard 17 - "Leases"

Operating Lease:

The Company has entered into commercial leases on certain office premises and equipment. These leases have an average life of between 3 and 6 years.

Least rent expenses recognised in the accounts for the period 1st April 2017 to 31st March 2018 amounted to JPY 283,241,426 INR 164,704,889 (previous year JPY 295,911,080 INR 183,287,323).

The future minimum lease payments and payment profile of non-cancellable operating leases are as under:





Particulars	As on March 31, 2018		As on March 31, 2017	
	JPY	INR	JPY	INR
Not later than one year	Nil	Nil	Nil	Nil
Later than one year but not later than five years	Nil	Nil	Nil	Nil
Later than five years	Nil	Nil	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

### 36. Basic and Diluted Earnings per Share is calculated as under:

Particulars	For the Year ended 31.03.2018		For the Year ended 31.03.2017	
	JPY	INR	JPY	INR
Profit after tax	2,012,987,355	1,402,354,231	2,105,059,179	1,194,146,595
Weighted average number of shares (Numbers)	196,000	196,000	196,000	196,000
Basic and Diluted Earnings per share	10,270.34	7,154.87	10,740.10	6,092.58

### 37. Retirement Benefit

The Company has retirement plan to cover all its employees. The plan consists of a defined benefit non funded pension plan (referred as "plan").

Under the plan, employees are entitled to benefits based on level of salaries, length of service and certain other factors at the time of retirement or termination.

The most recent actuarial valuation of the present value of the defined benefit obligation for retirement benefits were carried out as at March 31, 2018. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Retirement allowances for directors are provided for liability of the amount that would be required if all directors retired at the balance sheet date.

The following table sets out the status of the retirement plan and the amounts recognised in the Company's financial statements as at March 31, 2018.

Sr. No.	Particulars	Lump sum Retirement Benefits (non funded)			
		As on 31.03.2018		As on 31.03.2017	
		JPY	INR	JPY	INR
I)	Reconciliation in present value of obligations ('PVO') - defined benefit obligation:				
	Current service cost	52,419,322	30,481,836	45,125,929	27,951,000
	Past service cost	-	-	-	-
	Interest cost	2,575,501	1,497,654	1,335,900	827,457
	Actuarial loss/(gain)				
	- Due to Demographic Assumption	(5,157,079)	(2,998,841)	(420,502)	(260,459)
	- Due to Finance Assumption	5,414,119	3,148,310	(15,783,130)	(9,776,071)
	- Due to Experience	4,899,229	2,848,902	7,887,881	4,885,754
	Benefits paid	(19,682,990)	(11,445,659)	(4,192,328)	(2,596,728)
	Foreign exchange translation difference	-	14,274,028	-	(4,644,130)
	PVO at the beginning of the year	367,928,770	213,398,687	333,975,020	197,011,864
	PVO at the end of the year	408,396,872	251,204,916	367,928,770	213,398,687
II)	Reconciliation of PVO and fair value of plan assets:				
	PVO at end of the year	408,396,872	251,204,916	367,928,770	213,398,687



	Fair Value of plan assets at the end of the year				
	Funded status	(408,396,872)	(251,204,916)	(367,928,770)	(213,398,687)
	Unrecognised actuarial gain/(loss)	-	-	-	-
	Net liability recognised in the Consolidated Balance Sheet	(408,396,872)	(251,204,916)	(367,928,770)	(213,398,687)
III)	Expense recognised in the Consolidated Statement of Profit and Loss:				
	Current service cost	52,419,322	30,481,836	45,125,929	27,951,000
	Past service cost	-	-	-	-
	Net interest	2,575,501	1,497,654	1,335,900	827,457
	Total expense recognised in the Consolidated Statement of Profit and Loss	54,994,823	31,979,490	46,461,829	28,778,457
IV)	Other Comprehensive Income:				
	Actuarial loss/(gain) recognised for the period				
	- Due to Demographic Assumption	(5,157,079)	(2,998,841)	(420,502)	(260,459)
	- Due to Finance Assumption	5,414,119	3,148,310	(15,783,130)	(9,776,071)
	- Due to Experience	4,899,229	2,848,902	7,887,881	4,885,754
	Return on plan assets excluding net interest	-	-	-	-
	Total amount recognised in OCI	5,156,269	2,998,371	(8,315,751)	(5,150,776)
V)	Assumptions used in accounting for the retirement benefit plan:				
	Mortality (%)	Rate stipulated in the Financial Management Standard of the Employees' Pension Fund			
	Discount rate (%)	0.6		0.7	
	Salary escalation rate (%)	NA		NA	
	Average Remaining Service (years)	13.8		14.8	
	Employee attrition rate (%)	From 0.3 to 6.1 depending on age bracket		From 0.3 to 5.9 depending on age bracket	

## VI)

	Year Ended 31.03.2018		Year Ended 31.03.2017	
	JPY	INR	JPY	INR
Experience adjustment				
- On plan liabilities	4,899,229	2,848,902	7,887,781	4,885,692
- On plan assets	Nil	Nil	Nil	Nil
Present value of benefit obligation	408,396,872	251,204,916	367,928,770	213,398,687
Fair value of plan assets	Nil	Nil	Nil	Nil
Excess of obligation over plan assets	408,396,872	251,204,916	367,928,770	213,398,687

## VII) Expected future benefit payments

Particulars	As at 31.03.2018		As at 31.03.2017	
	JPY	INR	JPY	INR
First year	20,686,361	12,724,181	36,364,722	21,091,539
Second year	17,411,530	10,709,832	21,678,871	12,573,745
Third year	35,188,784	21,644,621	17,403,385	10,093,963
Fourth year	29,625,219	18,222,472	16,244,855	9,422,016
Fifth year	34,783,152	21,395,117	25,292,451	14,669,622
Beyond five years	181,296,429	111,515,434	181,504,516	105,272,619

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



	Year Ended 31.03.2018				Year Ended 31.03.2017			
	JPY		INR		JPY		INR	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount Rate (0.25% movement)	13,360,113	(13,959,181)	8,217,806	(8,586,292)	12,510,425	(13,091,992)	7,256,047	(7,593,355)
Future salary growth	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Liability of lump sum retirement benefit as above along with liability for retirement benefits of directors JPY 72,972,522 INR 44,885,398 (previous year JPY 64,457,722 INR 37,385,478) is shown under "Non-Current Provisions"

38. As per best estimate of the management, provision has been made towards probable non- saleable return of goods from customers, as per Indian Accounting Standard 37 (Ind AS 37).

Particulars	Year Ended 31.03.2018		Year Ended 31.03.2017	
	JPY	INR	JPY	INR
Carrying amount at the beginning of the year	25,285,016	14,665,309	22,116,192	13,046,342
Add : Additional Provisions made during the year	26,758,840	15,560,265	25,285,016	15,661,539
Less : Amounts used / utilised during the year	25,285,016	14,703,237	22,116,192	13,698,769
Less : Translation Difference during the year	-	(937,025)	-	343,803
Carrying amount at the end of the year	26,758,840	16,459,362	25,285,016	14,665,309

### 39. Financial Instruments:

*Financial instruments – Fair values and risk management:*

#### A. Accounting classification and fair values:

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Fair value hierarchy

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

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

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

JPY

As at 31.03.2018	Carrying amount				Fair value			
	FVTPL	Derivatives designated as hedge	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Non-Current Investments – others	-	-	5,021,446,861	5,021,446,861	-	-	5,021,446,861	5,021,446,861
Non-Current Loans				-				-
- Security Deposit	-	-	173,743,542	173,743,542	-	173,743,542	-	173,743,542
Trade Receivables	-	-	8,113,510,181	8,113,510,181	-	-	-	-
Cash and Cash Equivalents	-	-	1,577,569,749	1,577,569,749	-	-	-	-
Current Loans	-	-	160,000,000	160,000,000	-	-	-	-
Other Current Financial Assets								-



- Others	-	-	249,470,959	249,470,959	-	-	-	-
	-	-	<b>15,295,741,292</b>	<b>15,295,741,292</b>	-	<b>173,743,542</b>	<b>5,021,446,861</b>	<b>5,195,190,403</b>
<b>Financial liabilities</b>								
Non-Current Borrowings	-	-	19,192,239,065	19,192,239,065	-	-	-	-
Trade Payables	-	-	1,373,167,509	1,373,167,509	-	-	-	-
Current Borrowings	-	-	3,800,000,000	3,800,000,000	-	-	-	-
Trade Payables	-	-	4,907,896,833	4,907,896,833	-	-	-	-
Other Current Financial Liabilities				-				
- Others	-	-	5,589,824,093	5,589,824,093	-	-	-	-
	-	-	<b>34,863,127,500</b>	<b>34,863,127,500</b>	-	-	-	-

INR

As at 31.03.2018	Carrying amount				Fair value			
	FVTPL	Derivatives designated as hedge	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Non-Current Investments – others	-	-	3,125,453,042	3,125,453,042	-	-	3,125,453,042	3,125,453,042
Non-Current Loans				-				-
- Security Deposit	-	-	106,869,653	106,869,653	-	106,869,653	-	106,869,653
Trade Receivables	-	-	4,990,620,112	4,990,620,112	-	-	-	-
Cash and Cash Equivalents	-	-	970,363,153	970,363,153	-	-	-	-
Current Loans	-	-	98,416,000	98,416,000	-	-	-	-
Other Current Financial Assets				-				-
- Others	-	-	153,449,587	153,449,587	-	-	-	-
	-	-	<b>9,445,171,547</b>	<b>9,445,171,547</b>	-	<b>106,869,653</b>	<b>3,125,453,042</b>	<b>3,232,322,695</b>
<b>Financial liabilities</b>								
Non-Current Borrowings	-	-	11,805,146,249	11,805,146,249	-	-	-	-
Trade Payables	-	-	844,635,335	844,635,335	-	-	-	-
Other Non-Current Financial Liabilities	-	-	-	-	-	-	-	-
Current Borrowings	-	-	2,337,380,000	2,337,380,000	-	-	-	-
Trade Payables	-	-	3,018,847,342	3,018,847,342	-	-	-	-
Other Current Financial Liabilities				-				-
- Others	-	-	3,438,300,799	3,438,300,799	-	-	-	-
	-	-	<b>21,444,309,725</b>	<b>21,444,309,725</b>	-	-	-	-

JPY

As at 31.03.2017	Carrying amount				Fair value			
	FVTPL	Derivatives designated as hedge	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Non-Current Investments – others	-	-	5,021,446,861	5,021,446,861	-	-	5,021,446,861	5,021,446,861
Non-Current Loans				-				-
- Security Deposit	-	-	261,255,000	261,255,000	-	261,255,000	-	261,255,000
Trade Receivables	-	-	9,340,319,920	9,340,319,920	-	-	-	-
Cash and Cash Equivalents	-	-	238,430,334	238,430,334	-	-	-	-
Current Loans	-	-	-	-	-	-	-	-
Other Current Financial Assets				-				-
- Others	-	-	347,457,756	347,457,756	-	-	-	-
	-	-	<b>15,208,909,871</b>	<b>15,208,909,871</b>	-	<b>261,255,000</b>	<b>5,021,446,861</b>	<b>5,282,701,861</b>
<b>Financial liabilities</b>								
Non-Current Borrowings	-	-	7,486,461,428	7,486,461,428	-	-	-	-
Trade Payables	-	-	-	-	-	-	-	-





Current Borrowings	-	-	25,587,688,000	25,587,688,000	-	-	-	-
Trade Payables	-	-	6,033,084,879	6,033,084,879	-	-	-	-
Other Current Financial Liabilities				-				
- Others	-	-	2,249,488,791	2,249,488,791	-	-	-	-
	-	-	<b>41,356,723,098</b>	<b>41,356,723,098</b>	-	-	-	-

INR

As at 31.03.2017	Carrying amount				Fair value			
	FVTPL	Derivatives designated as hedge	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Non-Current Investments – others	-	-	3,125,440,722	3,125,440,722	-	-	3,125,440,722	3,125,440,722
Non-Current Loans				-				-
- Security Deposit	-	-	151,527,900	151,527,900	-	151,527,900	-	151,527,900
Trade Receivables	-	-	5,417,385,554	5,417,385,554	-	-	-	-
Cash and Cash Equivalents	-	-	138,289,594	138,289,594	-	-	-	-
Other Bank Balances	-	-	-	-	-	-	-	-
Current Loans	-	-	-	-	-	-	-	-
Other Current Financial Assets				-				-
- Others	-	-	201,525,499	201,525,499	-	-	-	-
	-	-	<b>9,034,169,269</b>	<b>9,034,169,269</b>	-	<b>151,527,900</b>	<b>3,125,440,722</b>	<b>3,276,968,622</b>
<b>Financial liabilities</b>								
Non-Current Borrowings	-	-	4,342,147,628	4,342,147,628	-	-	-	-
Trade Payables	-	-	-	-	-	-	-	-
Other Non-Current Financial Liabilities	-	-	-	-	-	-	-	-
Current Borrowings	-	-	14,840,859,040	14,840,859,040	-	-	-	-
Trade Payables	-	-	3,499,189,230	3,499,189,230	-	-	-	-
Other Current Financial Liabilities				-				-
- Others	-	-	1,304,703,498	1,304,703,498	-	-	-	-
	-	-	<b>23,986,899,396</b>	<b>23,986,899,396</b>	-	-	-	-

## B. Measurement of fair values:

Valuation techniques and significant unobservable inputs:

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Derivative instruments	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 currency.	Not applicable	Not applicable
Non-current financial assets and liabilities measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.	Not applicable	Not applicable



### C. Financial risk management:

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

- Credit risk;
- Liquidity risk; and
- Market risk

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports to the board of directors on its activities.

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

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

#### i. 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 investment securities. 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 and investments.

#### Trade receivables

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

Summary of the Company's exposure to credit risk by age of the outstanding from various customers is as follows:

Particulars	As at 31.03.2018		As at 31.03.2017	
	JPY	INR	JPY	INR
Not past due but impaired	17,653,356	10,858,579	-	-
Neither past due not impaired	8,120,808,181	4,995,109,112	8,889,392,041	5,155,847,384
Past due not impaired				
- 1-180 days	-	-	476,073,235	276,122,476
- 181- 365 days	-	-	-	-
- more than 365 days	-	-	-	-
Past due impaired				
- 1-180 days	-	-	-	-
- 181- 365 days	-	-	-	-
- more than 365 days	-	-	-	-
Total	8,138,461,537	5,005,967,691	9,365,465,276	5,431,969,860



**Expected credit loss assessment**

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

Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macroeconomic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of minimal credit losses to continue.

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

Particulars	2017-2018		2016-2017	
	JPY	INR	JPY	INR
Balance as at the beginning of the year	25,145,356	14,584,306	-	-
Impairment loss recognised (net)	(194,000)	(112,811)	25,145,356	15,575,034
Amounts written off			-	-
Exchange differences		876,084	-	990,727
Balance as at the year end	24,951,356	15,347,579	25,145,356	14,584,306

The impairment loss at March 31, 2018 related to several customers that have defaulted on their payments to the Company and are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

**Cash and cash equivalents**

As at the year end, the Company held cash and cash equivalents of JPY 1,577,569,749 INR 970,363,153 (previous year JPY 238,430,334 INR 138,289,594). The cash and cash equivalents are held with bank and financial institution counterparties with good credit rating.

**Other Bank Balances**

Other bank balances are held with bank and financial institution counterparties with good credit rating.

**Other financial assets**

Other financial assets are neither past due nor impaired.

**ii. Liquidity risk:**

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

The Company has obtained fund and non-fund based working capital lines from various banks. The Company invests its surplus funds in bank fixed deposit and liquid and liquid plus schemes of mutual funds, which carry no/low mark to market risks. The Company monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

**Exposure to liquidity risk**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.



JPY

As at 31.03.2018	Carrying amount	Contractual Cash Flows				
Particular		Total	0-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities	-	-	-	-	-	-
Non-Current Borrowings	23,204,027,065	23,223,053,000	4,011,788,000	4,011,788,000	11,877,477,000	3,322,000,000
Interest Payables	-	195,861,451	57,414,822	47,024,607	81,240,367	10,181,655
Total	23,204,027,065	23,418,914,451	4,069,202,822	4,058,812,607	11,958,717,367	3,332,181,655

INR

As at 31.03.2018	Carrying amount	Contractual Cash Flows				
Particular		Total	0-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities	-	-	-	-	-	-
Non-Current Borrowings	14,272,797,048	14,28,44,99,900	2,46,76,50,798	2,46,76,50,799	7,30,58,36,103	2,04,33,62,200
Interest Payables	-	12,04,74,379	3,53,15,857	2,89,24,836	4,99,70,950	62,62,736
Total	14,272,797,048	14,40,49,74,279	2,50,29,66,655	2,49,65,75,635	7,35,58,07,053	2,04,96,24,936

JPY

As at 31.03.2017	Carrying amount	Contractual Cash Flows				
Particular		Total	0-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities	-	-	-	-	-	-
Non-Current Borrowings	7,516,961,428	7,530,500,000	30,500,000	1,500,000,000	6,000,000,000	-
Interest Payables	-	50,422,209	13,493,711	12,418,138	24,510,360	-
Total	7,516,961,428	7,580,922,209	43,993,711	1,512,418,138	6,024,510,360	-

INR

As at 31.03.2017	Carrying amount	Contractual Cash Flows				
Particular		Total	0-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities	-	-	-	-	-	-
Non-Current Borrowings	4,359,837,628	4,367,690,000	17,690,000	870,000,000	3,480,000,000	-
Interest Payables	-	29,244,881	7,826,352	7,202,520	14,216,009	-
Total	4,359,837,628	4,396,934,881	25,516,352	877,202,520	3,494,216,009	-

### iii. Market Risk:

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

#### Currency risk

The Company is exposed to currency risk on account of its operations in other countries. The functional currency of the Company is JPY. The exchange rate between the JPY and foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future.

#### Exposure to Currency risk

Following is the currency profile of non-derivative financial assets and financial liabilities:





As at 31.03.2018	USD		EURO		GBP		Others
	Amount in foreign currency	Amount in INR	Amount in foreign currency	Amount in INR	Amount in foreign currency	Amount in INR	
<b>Financial liabilities</b>							
Trade Payables	350,330	215,488	-	-	-	-	-
Net statement of financial position exposure	<b>(350,330)</b>	<b>(215,488)</b>	-	-	-	-	-

Previous Year- Nil

#### Sensitivity analysis

A reasonably possible strengthening (weakening) of the JPY against US dollars at March 31 would have affected the measurement of financial instruments denominated in US dollars and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

31-Mar-18	Profit or (loss)		Equity, net of tax	
1% movement	Strengthening	Weakening	Strengthening	Weakening
USD	(3,503)	3,503	-	-
EUR	-	-	-	-
GBP	-	-	-	-
JPY	-	-	-	-
Others	-	-	-	-
	(3,503)	3,503	-	-

#### Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing financial assets or borrowings because of fluctuations in the interest rates, if such assets/borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing borrowings will fluctuate because of fluctuations in the interest rates.

#### Exposure to interest rate risk

The Company's interest rate risk arises from borrowings and obligations under finance leases. The interest rate profile of the Company's interest-bearing borrowings is as follows:

Particulars	As at 31.03.2018		As at 31.03.2017	
	JPY	INR	JPY	INR
Non-Current Borrowings				
Fixed rate borrowings	-	-	30,500,000	17,690,000
Variable rate borrowings	23,204,027,065	14,272,797,048	7,486,461,428	4,342,147,628
	23,204,027,065	14,272,797,048	7,516,961,428	4,359,837,628
Current Borrowings				
Fixed rate borrowings	-	-	-	-
Variable rate borrowings	3,800,000,000	2,337,380,000	25,587,688,000	14,840,859,040
	3,800,000,000	2,337,380,000	25,587,688,000	14,840,859,040
Total	27,004,027,065	16,610,177,048	33,104,649,428	19,200,696,668



#### Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate borrowings at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

#### Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Profit or (loss)			
	100 bp increase		100 bp decrease	
	JPY	INR	JPY	INR
Cash flow sensitivity (net)				
<b>31-Mar-18</b>				
Variable-rate borrowings	(270,040,271)	(166,101,770)	270,040,271	166,101,770
<b>31-Mar-17</b>				
Variable-rate borrowings	(330,741,494)	(191,830,067)	330,741,494	191,830,067

The risk estimates provided assume a change of 100 basis points interest rate for the interest rate benchmark as applicable to the borrowings summarised above. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

#### Commodity rate risk

The Company's operating activities involve purchase and sale of Active Pharmaceutical Ingredients (API), whose prices are exposed to the risk of fluctuation over short periods of time. Commodity price risk exposure is evaluated and managed through procurement and other related operating policies. As of March 31, 2018 and March 31, 2017 the Company had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

#### 40. Capital Management:

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company monitors capital using a ratio of 'adjusted net debt' to 'total equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents, other bank balances and current investments.

The Company's policy is to keep the ratio below 1.5. The Group's adjusted net debt to total equity ratio at March 31, 2018 was as follows:



Particulars	As at 31.03.2018		As at 31.03.2017	
	JPY	INR	JPY	INR
Total liabilities	27,004,027,065	16,610,177,048	33,104,649,428	19,200,696,668
Less : Cash and cash equivalent	1,577,569,749	970,363,153	238,430,334	138,289,594
Less : Other Bank Balances	-	-	-	-
Less : Current Investments	-	-	-	-
Adjusted net debt	25,426,457,316	15,639,813,895	32,866,219,094	19,062,407,074
Total equity	17,994,544,607	11,105,205,466	15,985,136,734	9,484,380,852
Adjusted net debt to total equity ratio	1.41	1.41	2.06	2.01

**41. Related Party Disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below:**

**A. Relationships –**

**Category I: Companies whose control exist:**

- Lupin Holdings B.V. (Holding Company)
- Lupin Limited (Ultimate Holding Company)

**Category II: Subsidiary of the Company:**

- KYOWA CritiCare Co., Ltd.

**Category III: Key Management Personnel:**

Fabrice Egros	Chairman and Representative Director
Noriaki Tsunoda	President and Representative Director
Kamal Kishore Sharma	Director
Yoshiro Mukai	Director
Ryo Akai	Director (Production)
Vinita Gupta	Director
Nilesh Gupta	Director
Ramesh Swaminathan	Director
Alok Kumar Ghosh	Director
Hiroshi Kobayashi	Director (Finance & Corporate Planning)

**Category IV : Others:**

- YL Biologics Ltd. (Joint Venture of fellow subsidiary Lupin Atlantis Holdings SA)
- Generic Health Pty Ltd (Fellow Subsidiary)
- Multicare Pharmaceuticals Philippines Inc, (Fellow Subsidiary)
- Lupin GmbH (Fellow Subsidiary)
- Lupin Japan & Asia Pacific K.K. (Fellow Subsidiary)



**B. Transactions with the related parties:**

JPY

Sr.No.	Transactions	Ultimate Holding Company	Subsidiary	Key Management Personnel	Others	Total
1.	Sale of Goods	16,362,000 (-)	44,821,800 (9,485,500)	- (-)	- (-)	61,183,800 (9,485,500)
2.	Purchase of Goods	1,191,854,973 (756,478,940)	53,426,106 (57,960,498)	- (-)	- (-)	1,245,281,079 (814,439,438)
3.	Guarantee Commission Expense	37,961,477 (14,483,283)	- (-)	- (-)	- (-)	37,961,477 (14,483,283)
4	Interest Income	- (2,448,214.0)	- (2,448,214.0)	- (-)	261,077 (-)	261,077 (2,448,214)
5	Expenses incurred on behalf of Company by:	67,846,037 (95,088,422)	12,905,210 (-)	- (-)	- (-)	80,751,247 (95,088,422)
6	Expenses paid on behalf of :	7,131,567 (25,848,013)	84,279,424 (82,768,918)	- (-)	- (-)	91,410,991 (108,616,931)
7	Compensation & Settlement Income	14,030,557 (-)	- (-)	- (-)	- (-)	14,030,557 (-)
8	Other Income	- (108,550)	- (689,502)	- (-)	288,000 (-)	288,000 (798,052)
9	Clinical and Analytical charges	85,445,226 (81,556,443)	2,513,500 (6,442,500)	- (-)	- (-)	87,958,726 (87,998,943)
10	Sales Promotion Expenses	- (-)	21,165,918 (16,536,352)	- (-)	101,524,976 (-)	122,690,894 (16,536,352)
11	Repayment received of Short Term Loan given	- (-)	- (900,000,000)	- (-)	- (-)	- (900,000,000)
12	Short Term Loan given during the year	- (-)	- (900,000,000)	- (-)	160,000,000 (-)	160,000,000 (900,000,000)
13	Service Charges received during the year					
	Lupin Limited	103,942,516 (221,037,123)	- (-)	- (-)	- (-)	103,942,516 (221,037,123)
	Kyowa CritiCare Co., Ltd.	- (-)	12,436,769 (49,831,796)	- (-)	- (-)	12,436,769 (49,831,796)



14	Generic Health Pty Ltd	-	-	-	21,279,583	21,279,583
		(-)	(-)	(-)	(31,312,230)	(31,312,230)
	Multicare Pharmaceuticals Philippines Inc	-	-	-	26,339,387	26,339,387
		(-)	(-)	(-)	(56,283,387)	(56,283,387)
	Remuneration Paid					
	Fabrice Egros	-	-	130,141,685	-	130,141,685
		(-)	(-)	(176,255,636)	(-)	(176,255,636)
	Noriaki Tsunoda	-	-	70,579,332	-	70,579,332
		(-)	(-)	(65,952,999)	(-)	(65,952,999)
	Ryo Akai	-	-	23,315,000	-	23,315,000
		(-)	(-)	(21,503,000)	(-)	(21,503,000)
	Yoshiro Mukai	-	-	6,972,000	-	6,972,000
		(-)	(-)	(8,280,000)	(-)	(8,280,000)
	Hiroshi Kobayashi	-	-	23,004,000	-	23,004,000
		(-)	(-)	(22,585,000)	(-)	(18,267,600)
15	Corporate guarantee issued by the Company to the bankers of subsidiary company	-	900,000,000	-	-	900,000,000
		(-)	(900,000,000)	(-)	(-)	(900,000,000)

INR

Sr.No.	Transactions	Ultimate Holding Company	Subsidiary	Key Management Personnel	Others	Total
1.	Sale of Goods	9,514,503 (-)	26,063,877 (5,875,319)	- (-)	- (-)	35,578,380 (5,875,319)
2.	Purchase of Goods	693,063,667 (468,563,055)	31,067,281 (35,900,732)	- (-)	- (-)	724,130,948 (504,463,787)
3.	Guarantee Commission Expense	22,074,599 (8,970,945)	- (-)	- (-)	- (-)	22,074,599 (8,970,945)
4	Interest Income	- (-)	- (1,516,424)	- (-)	151,816 (-)	151,816 (1,516,424)
5	Expenses incurred on behalf of Company by:	39,452,471 (58,897,769)	7,504,380 (-)	- (-)	- (-)	46,956,851 (58,897,769)
6	Expenses paid on behalf of :	4,147,006 (16,010,259)	49,008,485 (51,267,068)	- (-)	- (-)	53,155,491 (67,277,327)
7	Compensation & Settlement Income	8,158,769 (-)	- (-)	- (-)	- (-)	8,158,769 (-)



8	Other Income	-	-	-	167,472	167,472
		(67,236)	(427,078)	(-)	(-)	(494,314)
9	Clinical and Analytical charges	49,686,399	1,461,600	-	-	51,147,999
		(50,516,061)	(3,990,485)	(-)	(-)	(54,506,546)
10	Sales Promotion Expenses	-	12,307,981	-	59,036,774	71,344,755
		(-)	(10,242,616)	(-)	(-)	(10,242,616)
11	Repayment received of Short Term Loan given	-	-	-	-	-
		(-)	(557,460,000)	(-)	(-)	(557,460,000)
12	Short Term Loan given during the year	-	-	-	93,040,000	93,040,000
		(-)	(557,460,000)	(-)	(-)	(557,460,000)
13	Service Charges received during the year					
	Lupin Limited	60,442,573	-	-	-	60,442,573
		(136,910,394)	(-)	(-)	(-)	(136,910,394)
	Kyowa CritiCare Co., Ltd.	-	7,231,981	-	-	7,231,981
		(-)	(30,865,814)	(-)	(-)	(30,865,814)
	Generic Health Pty Ltd	-	-	-	12,374,078	12,374,078
		(-)	(-)	(-)	(19,394,795)	(19,394,795)
	Multicare Pharmaceuticals Philippines Inc	-	-	-	15,316,354	15,316,354
		(-)	(-)	(-)	(34,861,930)	(34,861,930)
14	Remuneration Paid					
	Fabrice Egros	-	-	75,677,390	-	75,677,390
		(-)	(-)	(109,172,741)	(-)	(109,172,741)
	Noriaki Tsunoda	-	-	41,041,882	-	41,041,882
		(-)	(-)	(40,851,288)	(-)	(40,851,288)
	Ryo Akai	-	-	13,557,673	-	13,557,673
		(-)	(-)	(13,318,958)	(-)	(13,318,958)
	Yoshiro Mukai	-	-	4,054,218	-	4,054,218
		(-)	(-)	(5,128,632)	(-)	(5,128,632)
	Hiroshi Kobayashi	-	-	13,376,826	-	13,376,826
		(-)	(-)	(13,989,149)	(-)	(13,989,149)
15	Corporate guarantee issued by the Company to the bankers of wholly owned subsidiary companies	-	523,350,000	-	-	523,350,000
		(-)	(557,460,000)	(-)	(-)	(557,460,000)





**C. Balances due from/to the related parties:**

JPY

Sr.No.	Transactions	Ultimate Holding Company	Subsidiary	Key Management Personnel	Others	Total
1.	Trade Payable :- Lupin Limited	81,436,499 (198,421,295)	- (-)	- (-)	- (-)	81,436,499 (198,421,295)
	Kyowa CritiCare Co., Ltd.	- (-)	24,148,639 (21,996,255)	- (-)	- (-)	24,148,639 (21,996,255)
	Lupin Japan & Asia Pacific K.K.	- (-)	- (-)	- (-)	65,115,241 (-)	65,115,241 (-)
2.	Loans & Advances given to :- Lupin Limited	26,616,342 (137,343,337)	- (-)	- (-)	- (-)	26,616,342 (137,343,337)
	Kyowa CritiCare Co., Ltd.	- (-)	8,832,051 (22,562,755)	- (-)	- (-)	8,832,051 (22,562,755)
	Lupin Japan & Asia Pacific K.K.	- (-)	- (-)	- (-)	3,324,186 (-)	3,324,186 (-)
	Generic Health Pty Ltd	- (-)	- (-)	- (-)	- (14,783,189)	- (14,783,189)
	Multicare Pharmaceuticals Philippines Inc	- (-)	- (-)	- (-)	- (23,494,711)	- (23,494,711)
	Lupin Atlantis Holding SA.	- (-)	- (-)	- (-)	- (40,932)	- (40,932)
3.	Short Term Loan Given Lupin Japan & Asia Pacific K.K.	- (-)	- (-)	- (-)	160,000,000 (-)	160,000,000 (-)

INR

Sr. No.	Transactions	Ultimate Holding Company	Subsidiary	Key Management Personnel	Others	Total
1.	Trade Payable Lupin Limited	50,091,591 (115,084,351)	- (-)	- (-)	- (-)	50,091,591 (115,084,351)
	Kyowa Criticare	- (-)	14,853,828 (12,757,828)	- (-)	- (-)	14,853,828 (12,757,828)
2.	Loans & Advances given to :- Lupin Limited	16,371,712 (79,659,135)	- (-)	- (-)	- (-)	16,371,712 (79,659,135)



	Kyowa CritiCare Co., Ltd.	-	5,432,595	-	-	5,432,595
		(-)	(12,757,828)	(-)	(-)	(12,757,828)
	Generic Health Pty Ltd	-	-	-	-	-
		(-)	(-)	(-)	(8,574,250)	(8,574,250)
	Multicare Pharmaceuticals Philippines Inc	-	-	-	-	-
		(-)	(-)	(-)	(13,626,932)	(13,626,932)
	Lupin Atlantis Holding SA.	-	-	-	-	-
		(-)	(-)	(-)	(23,741)	(23,741)
3.	Short Term Loan Given	-	-	-	98,416,000	98,416,000
	Lupin Japan & Asia Pacific K.K.	(-)	(-)	(-)	(-)	(-)

- I. Figures in brackets are for previous year.
- II. Related party relationship is as identified by the Company and relied upon by the auditors.

42. The aggregate amount of revenue expenditure incurred during the year on Research and Development and shown in the respective heads of account is JPY 1,293,257,192 INR 752,029,057 (previous year JPY 1,325,032,994 INR 820,725,436).
43. No borrowing cost has been capitalised during the year.
44. These financial statements are prepared for the purpose of consolidation with the financial statements of the ultimate holding company, Lupin Limited and to comply with the provision of Section 129(3) of the Indian Companies Act, 2013. As such, these financial statements do not constitute as the statutory financial statements of the Company. Accordingly, these financial statements are not the general purpose financial statements of the Company.
45. Closing exchange rate as 31st March 2018 considered for the purpose of translation as referred in note 1B (f) (ii) (a) above is INR 61.51 for 100 JPY (previous year INR 58.00 for 100 JPY).
46. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.
47. There are certain adjustments made in these Financial statements due to differences in Indian Accounting Standards (Ind-AS) and Japanese GAAP. On following the Indian Accounting Standards (Ind-AS), the profit after tax in these Financial statements is lower by JPY (1,708,649,262) INR (993,579,553) which is after considering lower tax of JPY 460,408,914 INR 267,727,783.



Signature to Notes 1 to 47

For **Arora and Arora**  
Chartered Accountant  
Registration No. 100544W



**Girish Arora**  
Partner  
Membership No 41019  
Place : Mumbai  
Dated :

**14 MAY 2018**

For **KYOWA PHARMACEUTICAL INDUSTRY CO.,LTD.**



**Noriaki Tsunoda**  
President

Place : Osaka, Japan  
Dated : May 11, 2018



**Hiroshi Kobayashi**  
Director

Place : Osaka, Japan  
Dated : May 11, 2018

