G. R. MODI & CO.
Chartered Accountants

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Independent Auditor's Report
To the Members of Ajanta Pharma (Mauritius) Ltd.(Consolidated)

Report on the Consolidated Financial Statements
The accounts of AJANTA PHARMA MAURITIUS LTD and AJANTA PHARMA MAURITIUS INTENRATIONAL LTD. are being audited under the local laws of the country by the statutory auditor for the period 1st Jan 2018 to 31st December 2018. Financial Statements of AJANTA PHARMA MAURITIUS LTD. consolidated with Ajanta Pharma Mauritius International Ltd for the period 1st April 2017 to 31st March 2018. The holding company follows the period 1st April 2017 to 31st March 2018. In order to consolidate the accounts of Ajanta Pharma Mauritius Ltd **(Consolidated)** with that of the holding company, we have been appointed by the management of the company to audit the reinstated accounts of AJANTA PHARMA MAURITIUS LTD. **(Consolidated)** for the period 1st April 2017 to 31st March 2018 under the companies Act in accordance with generally accepted accounting principles in India (Ind AS).

We have audited the accompanying consolidated Ind AS financial statements of AJANTA PHARMA MAURITIUS LTD (CONSOLIDATED) ("the Company") comprising of the Consolidated Balance Sheet as at 31st March 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements") prepared in accordance with group accounting policies followed by Ajanta. These Consolidated/Standalone financial statements have been prepared solely to enable Ajanta to prepare its consolidated financial statements.

Management's Responsibility for the Consolidated Ind AS Financial Statements
The Company's Board of Directors is responsible for the preparation and presentation of the consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated state of affairs (financial position), consolidated profit (financial performance including other comprehensive income), consolidated cash flows and consolidated statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder. The respective Board of Directors of the companies are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Company, as aforesaid.

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c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and the consolidated statement of changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

d) in our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder;

e) on the basis of the written representations received from the directors of the Company as on 31st March 2018 taken on record by the Board of Directors of the Company, none of the directors of the company is disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

f) the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls are adequate in accordance to the size and operations of the company,

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

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company has not entered into any long-term contracts including derivative contracts, requiring provision under the applicable law or accounting standards, for material foreseeable losses; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

for **G.R.Modi & Co**
Chartered Accountants
Firm's registration number: 112617W

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

CA Swapnil Modi
Partner
Membership number: 107574
Mumbai

24th April 2018

Ajanta Pharma (Mauritius) Limited

Notes to the Consolidated Financial Statements as on 31 March 2018

1. Corporate Information

Ajanta Pharma (Mauritius) Ltd. is a limited liability company incorporated and domiciled in Mauritius and is a wholly owned subsidiary of Ajanta Pharma Ltd., India. The address of its registered office is located at BPML Building, Royal Road, Goodlands, Mauritius. The Consolidated Financial statement ("CFS") comprises the Company and its subsidiary (referred to collectively as the "Group").

The Group is primarily involved in manufacturing and marketing of speciality pharmaceutical quality finished dosages.

The Consolidated Financial Statements were authorised for issue by the Company's Board of Directors on 24 April, 2018.

2. Basis of preparation

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

The financial statements have been prepared on an accrual basis and under the historical cost basis, which have been measured at fair value or revalued amount wherever applicable.

3. Basis of consolidation

These consolidated financial statements comprise the financial statement of the Company and its wholly owned subsidiary Ajanta Pharma Mauritius (Int'l) Ltd. The financial statements of the Company and its wholly owned subsidiariy have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, incomes and expenses after eliminating intra-group balances, intra-group transactions and unrealised profits resulting there from and are presented to the extent possible, in the same manner as the Group's independent financial statements. The statement of profit and loss and each component of other comprehensive income are attributed to the equity holders of the Company.

These consolidated financial statements of the Company and its wholly owned subsidiary have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. The financial statements of the subsidiaries used in consolidation are drawn up to the same reporting date as that of the Company i.e., year ended 31 March 2018.

4. Functional and Presentation Currency:

Functional currencies of the Company is Mauritian Rupee (MUR). These financial statements are prepared & presented in Indian Rupees (INR) as it is the functional currency of the Group.

5. Rounding of Amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lacs.

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6. **Current versus non-current classification:**
The assets and liabilities in the balance sheet are presented based on current/non-current classification.

An asset is current when it is:
- Expected to be realised or intended to be sold or consumed in normal operating cycle, or
- Held primarily for the purpose of trading, or
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:
- Expected to be settled in normal operating cycle, or
- Held primarily for the purpose of trading, or
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are treated as non-current.

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

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

7. **Significant Accounting Policies**

7.1 **Property, plant and equipment**
Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Depreciation is calculated on the straight line method to write off the cost of assets, to their residual values over their estimated useful life as follows:

Particulars	Useful Life
Leasehold Improvement	20 years
Furniture, Fixtures & Fittings	2 to 6 years
Office Equipments	2 to 4 years
Plant & Machinery	5 to 20 years
Motor Vehicles	5 years

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The asset's residual values and useful lives are reviewed and adjusted if appropriate, at each end of reporting period. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in the statement of profit or loss.

7.2 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Classification

The Group 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 flows characteristics of the financial asset.

Initial recognition and measurement

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

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in two broad categories:

- Financial assets at fair value (FVTPL /FVTOCI)
- Financial assets at amortised cost

When assets are measured at fair value, gains and losses are either recognised in the statement of profit and loss (i.e. fair value through profit or loss (FVTPL)), or recognised in other comprehensive income (i.e. fair value through other comprehensive income (FVTOCI)).

Financial Assets measured at amortised cost (net of any write down for impairment, if any)

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment, if any. The losses arising from impairment are recognised in the Statement of profit and loss.

Financial Assets measured at Fair Value Through Other Comprehensive Income ("FVTOCI")

Financial assets under this category are measured initially as well as at each reporting date at fair value, when asset is held within a business model, whose objective is to hold assets for both collecting contractual cash flows and selling financial assets. Fair value movements are recognized in the other comprehensive income.

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Financial Assets measured at Fair Value Through Profit or Loss ("FVTPL"):
Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in profit or loss.

Investment in Equity Instruments
Equity instruments which are held for trading are classified as at FVTPL. All other equity instruments are classified as FVTOCI. Fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income. There is no recycling of the amounts from other comprehensive income to profit or loss.

Investment in Debt Instruments
A debt instrument is measured at amortised cost or at FVTOCI. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of profit and loss.

Derecognition of Financial Assets
A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

Impairment of Financial Assets
In accordance with Ind - AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are debt instruments and trade receivables.

Financial Liabilities
Classification
The Group classifies all financial liabilities as subsequently measured at amortised cost or FVTPL.

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

Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement
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. Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through EIR amortisation

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process. 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.

Derecognition of Financial Liabilities

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.

Derivative Financial Instrument

The Group uses derivative financial instruments, such as forward currency contracts to mitigate its foreign currency 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.

7.3 Inventories

Raw materials and packing materials are valued at lower of cost and net realisable value, cost of which includes duties and taxes. Cost of imported raw materials and packing materials lying in bonded warehouse includes customs duty. Finished products including traded goods and work-in-progress are valued at lower of cost and net realisable value. Cost is arrived at on moving weighted average basis.

The cost of Inventories have been computed to include all cost of purchases, cost of conversion, appropriate share of fixed production overheads based on normal capacity and other related cost incurred in bringing the inventories to their present condition.

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

Slow and non-moving material, obsolesces, defective inventory are fully provided for and valued at net realisable value.

Goods and materials in transit are valued at actual cost incurred up to the date of balance sheet. Materials and other items held for use in production of inventories are not written down, if the finished products in which they will be used are expected to be sold at or above cost.

7.4 Cash And Cash Equivalent

Cash and Cash Equivalents comprise of cash on hand and cash at bank including fixed deposit/highly liquid investments with original maturity period of three months or less that are readily convertible to known

G. R. MODI & CO. ★ M. NO. 107574 ★ Chartered Accountants amounts of cash and which are subject to an insignificant risk of changes in value.

7.5 **Cash Flow Statements**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flow from operating, investing and financing activities of the Group are segregated.

7.6 **Foreign Currency Transactions**

Revenue Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.

Monetary items denominated in foreign currencies at the year-end are re-measured at the exchange rate prevailing on the balance sheet date. Non-monetary foreign currency items are carried at cost.

Any income or expense on account of exchange difference either on settlement or on restatement is recognised in the Statement of Profit and Loss.

7.7 **Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are inclusive of excise duty, excluding Goods and Service Tax (GST), sales tax or value added taxes or service taxes or duties collected on behalf of the government, and net of returns, trade discount/allowances, rebates, and amounts collected on behalf of third parties.

Revenue from sale of goods is recognised, when all significant risks and rewards are transferred to the buyer, as per the terms of contracts and no significant uncertainty exists regarding amount of the consideration that will be derived from the sale of goods.

Dividend income is recognised when right to receive dividend is established. Interest income is recognised on time proportion basis. Insurance and other claims are recognised as a revenue on certainty of receipt on prudent basis.

7.8 **Employee Benefits**

All employee benefits payable wholly within twelve months rendering service are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives

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etc. and the expected cost of bonus, ex-gratia are recognised during the period in which the employee renders related service.

(i) Defined contribution plans

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

The Group pays Social Security Cost as per local regulations. The Group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

For employees who are not covered by a pension plan, the net present value of severance allowances payable under the Employment Rights Act 2008 is provided for. The obligations arising under this item are not funded.

(ii) Share-based compensation

The Group has no share based compensation plan.

7.9 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

7.10 Lease

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by lessor are classified as operating leases. Leases rentals are charged to the statement of profit and loss on straight line basis.

Finance leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining

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balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the leased term, the asset is depreciated over the shorter of the estimated useful life of the asset and the leased term.

7.11 Earnings Per Share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

7.12 Income Taxes

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. The current income tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the end of reporting period and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

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7.13 Dividends to Shareholders

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable is recognised directly in equity.

7.14 Provisions, Contingent Liabilities, Contingent Assets and Commitments

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past event 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.

Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

If there is any expectation that some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any virtually certain reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk 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 liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimates is possible;
- a possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent liabilities are not recognised in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets and Non-cancellable operating lease.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

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Asset Retirement Obligation

Asset retirement obligations (ARO) are provided for those operating lease arrangements where the Company has a binding obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease. ARO are provided at the present value of expected costs to settle the obligation using discounted cash flows and are recognised as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is recognised in the income statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

7.15 Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date in accordance with Ind AS 113.

Financials Statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value received from Bank.
- Mutual Funds are measured at fair values as per Net Asset Value (NAV).
- Employee Stock Option Plan (ESOP) at fair values as per Actuarial Valuation Report.

Fair value is the price that would be received to sell an asset or settle a liability in an ordinary transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

7.16 Recent accounting pronouncements

Standards issued but not yet effective

The Ministry of Corporate Affairs in March 2018 has re-notified Ind AS 115, Revenue from Contracts with Customers. Earlier, this Standard was omitted and two other standards, Ind AS 11, Construction Contracts and Ind AS 18, Revenue had been notified in its place. Now, after re-notification of Ind AS 115, Ind AS 11 and Ind AS 18 would be redundant. Ind AS 115 deals with recognition of revenue arising from sale of goods, rendering of services, interest, royalties and construction contracts. It is a converged form of IFRS 15, Revenue from Contracts with Customers. Ind AS 115 shall be applied from financial years beginning on or after 1st April, 2018.

These amendments are not expected to have any impact on the Group.

7.17 Critical accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities in future periods.

(a) Arrangement containing lease

At the inception of an arrangement, the Group determines whether the arrangement is or contains a lease. At the inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for the other elements on the basis of their relative fair values.

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The Group has determined, based on an evaluation of the terms and conditions of the arrangements that such contracts are in the nature of operating leases.

(b) Multiple element contracts with vendors

The Group has entered into multiple element contracts with vendors for supply of goods and rendering of services. The consideration paid is/may be determined independent of the value of supplies received and services availed. Accordingly, the supplies and services are accounted for based on their relative fair values to the overall consideration. The supplies with finite life under the contracts (as defined in the significant accounting policies) have been accounted under Property, Plant and Equipment and/or as Intangible assets, since the Group has economic ownership in these assets. The Group believes that the current treatment represents the substance of the arrangement.

(c) Determination of functional currency

Each entity in the group determines its own functional currency (the currency of the primary economic environment in which the entity operates) and items included in the financial statements of each entity are measured using that functional currency. Ind AS 21, "The Effects of Changes in Foreign Exchange Rates" prescribes the factors to be considered for the purpose of determination of functional currency. Management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

(d) Property, Plant and equipment

Determination of the estimated useful life of tangible assets and the assessment as to which components of the cost may be capitalized. Useful life of tangible assets is based on the life of useful lives/rates prescribed by the GAAPs of the respective countries. Assumptions also need to be made, when the Company assesses, whether an asset may be capitalised and which components of the cost of the asset may be capitalised.

(e) Intangible Assets

Internal technical or user team assess the remaining useful lives of Intangible assets. Management believes that assigned useful lives are reasonable.

(f) Recognition and measurement of defined benefit obligations

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at the end of the reporting period on the government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

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(g) Recognition of deferred tax assets and income tax

Deferred tax asset is recognised for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The management assumes that taxable profits will be available while recognising deferred tax assets.

Management judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the financial statements.

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective country.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, future tax planning strategies and recent business performances and developments.

(h) Recognition and measurement of other provisions

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may, therefore, vary from the figure included in other provisions.

(i) Contingencies

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Group as it is not possible to predict the outcome of pending matters with accuracy.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

(j) Allowance for uncollected accounts receivable and advances

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management seems them not collectible. Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

The impairment provisions for financial assets are based on assumption about risk of default and expected loss rates. Judgement in making these assumption and selecting the inputs to the impairment calculation are based on past history, existing market condition as well as forward looking estimates at the end of each reporting period.

(k) Insurance claims

Insurance claims are recognised when the Group have reasonable certainty of recovery.

(l) Impairment reviews

An impairment exists when the carrying value of an asset or cash generating unit ('CGU') exceeds its recoverable amount. Recoverable amount is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. In calculating the value in use, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of growth in EBITDA, long term growth rates; and the selection of discount rates to reflect the risks involved.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Ajanta Pharma (Mauritius) Limited

Consolidated Balance Sheet as at 31 March 2018

			Note No	31-Mar-18 Rs. in Lacs	31-Mar-17 Rs. in Lacs
		Assets			
(1)		**Non-Current Assets**			
	(a)	Property, Plant and Equipment	4	611.31	713.95
	(b)	Financial Assets			
		(i) Non-current investments	5	757.35	-
		(ii) Other Non-current Financial Assets	6	22.07	17.85
	(c)	Deferred tax assets (net)	7	-	3.93
		Total Non-Current Assets		1,390.73	735.74
(2)		**Current Assets**			
	(a)	Inventories	8	1,665.68	1,958.91
	(b)	Financial Assets			
		(i) Trade Receivables	9	6,180.46	2,836.51
		(ii) Cash and cash equivalents	10	2,948.33	935.05
	(c)	Other current assets	11	1,148.17	2,319.22
		Total Current Assets		11,942.65	8,049.68
		Total Assets		13,333.38	8,785.42
		Equity And Liabilities			
		Equity			
	(a)	Equity Share Capital	12	943.81	809.60
	(b)	Other Equity	13	11,007.63	7,464.49
		Total Equity		11,951.44	8,274.09
		Liabilities			
(2)		**Current Liabilities**			
	(a)	Other current liabilities	14	1,381.94	511.33
		Total Current Liabilities		1,381.94	511.33
		Total Equity and Liabilities		13,333.38	8,785.42
				-	-

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For G. R. Modi & Co.

Chartered Accountants

(ICAI FRN : 112617W)

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Swapnil Modi

Partner

Mumbai, 24 April, 2018

For and on behalf of Board of Directors

of Ajanta Pharma (Mauritius) Limited

Yogesh M. Agrawal

Director

Ajanta Pharma (Mauritius) Limited

Consolidated Statement of Profit and Loss for the year ended 31 March 2018

	Note No	31-Mar-18 Rs. in Lacs	31-Mar-17 Rs. in Lacs
Income :			
Revenue from operations	15	29,447.12	20,797.71
Other Income	16	372.75	1.49
Total Income		**29,819.87**	**20,799.20**
Expenses :			
Cost of Materials Consumed	17	285.31	454.49
Purchase of Stock-in-Trade	18	9,574.48	6,198.05
Changes in inventories of Finished Goods/Work-in-Progress/Stock-in-Trade	19	437.12	1,139.07
Employee Benefits Expenses	20	568.06	501.48
Finance Costs	-	-	-
Depreciation and Amortisation Expense	21	112.80	60.81
Other Expenses	22	10,789.51	8,464.26
Total Expenses		**21,767.28**	**16,818.16**
Profit Before Tax		**8,052.59**	**3,981.03**
Tax Expense:			
Current Tax		644.81	90.58
Deffered Tax		-	(3.93)
Profit For The Year		**7,407.78**	**3,894.39**
Other Comprehensive Income / (Loss)			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		480.11	(93.56)
Income tax relating to items that will be reclassified to profit or loss		-	-
Net other Comprehensive Income / (Loss) to be reclassified subsequently to profit or loss		**480.11**	**(93.56)**
Other Comprehensive Income / (Loss) for the year, net of tax		480.11	(93.56)
Total Comprehensive Income / (Loss) for the year		**7,887.88**	**3,800.83**
Earning Per Equity Share (Basic & Diluted) (Face Value MUR100/-)	24	1,206.89	634.48

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached
For G. R. Modi & Co.
Chartered Accountants
(ICAI FRN : 112617W)

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Swapnil Modi
Partner
Mumbai, 24 April, 2018

For and on behalf of Board of Directors
of Ajanta Pharma (Mauritius) Limited

Yogesh M. Agrawal
Director

Ajanta Pharma (Mauritius) Limited

Statement of Consolidated Cashflows for the year ended 31 March 2018

(₹ in Lacs)

		31 March 2018	31 March 2017
A.	Cash Flow from Operating Activities		
	Profit before Tax	8,052.59	3,981.03
	Adjustment for :		
	Depreciation and Amortisation Expense	112.80	60.81
	Finance Costs	-	-
	Exchange Fluctuation	614.32	(93.56)
	Operating Cashflows before Working Capital Changes	**8,779.71**	**3,948.28**
	Changes in Working Capital :		
	Decrease (Increase) in Trade and other Receivables	(3,343.95)	(586.97)
	Decrease (Increase) in Other Non Current Assets	(0.29)	430.42
	Decrease (Increase) in Other Current Assets	1,171.05	43.40
	Decrease (Increase) in Inventories	293.23	1,236.73
	Increase (Decrease) in Other Current Liabilities	870.61	420.23
	Cash Generated from Operations	**7,770.34**	**5,492.09**
	Net Income tax paid	(644.81)	(86.64)
	Net Cash Generated from Operating Activities	**7,125.54**	**5,405.45**
B.	Cash Flow from Investing Activities		
	Capital Expenditure on Property, Plant and Equipment including Capital Advances	(10.16)	(5.39)
	Purchase of non-current Investments	(757.35)	-
	Net Cash used in Investing Activities	**(767.51)**	**(5.39)**
C.	Cash Flow from Financing Activities		
	Proceeds (Repayment) of Current Borrowings	-	(1,178.49)
	Dividend Paid	(4,344.74)	(3,653.79)
	Net Cash used in Financing Activities	**(4,344.74)**	**(4,832.28)**
	Net Increase / (Decrease) in Cash and Cash Equivalents	**2,013.28**	**567.78**
	Cash and Cash Equivalents as at the Beginning of the Year	935.05	367.27
	Cash and Cash Equivalents as at the End of the Year	**2,948.33**	**935.05**

Figures in brackets indicates outflow.

Note :

1. The above Cash Flow Statement has been prepared under 'Indirect Method' as set out in Accounting Standard 7 (Ind AS - 7) "Statement of Cash Flow".
2. Cash comprises cash on hand, current accounts and deposits with banks. Cash equivalents are sholrt-term balances (with an original maturity of three months or less from the date of acquisition).

See accompanying notes forming part of the consolidated financial statements.

In terms of our report attached

For G. R. Modi & Co.
Chartered Accountants
(ICAI FRN : 112617W)

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Swapnil Modi
Partner
Mumbai, 24 April, 2018

For and on behalf of Board of Directors of
Ajanta Pharma (Mauritius) Limited

Yogesh M. Agrawal
Director

Ajanta Pharma (Mauritius) Ltd.

Consolidated Statement of Changes in Equity for the year ended 31 March 2018

A. Equity Share Capital

₹ in Lacs

	Balance as at 1 April 2017	Changes in equity share capital during the year	Balance as at 31 March 2018
Authorised :	1,494.30	-	1,494.30
Issued :	943.81	-	943.81
Subscribed & Paid up:	943.81	-	943.81

B. Other Equity

Particulars	Capital Redemption Reserve	Securities Premium Account	General Reserve	Share Based Payment Reserve	Retained Earnings	Foreign Currency Translation Reserve	Other items of other comprehensive income	Total	Non-Controlling Interests	Total Equity
As at 1 April 2016	-	-	7,489.42	-	-	(171.97)	-	7,317.45	-	7,317.45
Profit for the period	-	-	-	-	3,894.39	-	-	3,894.39	-	3,894.39
Other comprehensive income	-	-	-	-		(93.56)	-	(93.56)	-	(93.56)
Total comprehensive income	-	-	-	-	3,894.39	(93.56)	-	3,800.83	-	3,800.83
Transfer to General reserve			-		-			-		-
Dividend Paid					(3,653.79)			(3,653.79)		(3,653.79)
At 31 March 2017	-	-	7,489.42	-	240.60	(265.54)	-	7,464.49	-	7,464.49
Profit for the period					7,407.78			7,407.78	-	7,407.78
Other comprehensive income						480.11		480.11		480.11
Total comprehensive income	-	-	-	-	7,407.78	480.11	-	7,887.88	-	7,887.88
Dividend Paid					(4,344.74)			(4,344.74)	-	(4,344.74)
At 31 March 2018	-	-	7,489.42	-	3,303.64	214.57	-	11,007.63	-	11,007.63

See accompanying notes forming part of the financial statements

In terms of our report attached
For G. R. Modi & Co.
Chartered Accountants
(ICAI FRN : 112617W)

Swapnil Modi
Partner

Mumbai, 24 April, 2018

For and on behalf of Board of Directors of Ajanta Pharma (Mauritius) Limited

Yogesh M. Agrawal
Director

Ajanta Pharma (Mauritius) Limited

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

4 Property, Plant and Equipment

4.1 Current Year

(₹ Lacs)

Particulars	Gross Block (Cost or Deemed cost)					Accumulated Depreciation/Amortisation					Net Block
	As at 01.04.2017	Additions	Disposals	Exchange Difference	As at 31.03.2018	As at 01.04.2017	For the Year	Disposals	Exchange Difference	As at 31.03.2018	As at 31.03.2018
Property, Plant and Equipment											
Leasehold Improvement	115.66	-	-	-	115.66	73.38	6.06	-	-	79.44	36.22
Plant & Machinery	1,474.58	9.51	-	-	1,484.09	917.96	77.76	-	-	995.72	488.38
Furniture & fixture	117.65	-	-	-	117.65	80.24	6.17	-	-	86.41	31.24
Office Equipment	319.15	0.65	-	-	319.80	290.54	16.76	-	-	307.30	12.49
Vehicles	115.50	-	-	-	115.50	66.47	6.05	-	-	72.52	42.98
Total Property, Plant and Equipment	**2,142.54**	**10.16**	**-**	**-**	**2,152.70**	**1,428.59**	**112.80**	**-**	**-**	**1,541.39**	**611.31**

4.2 Previous Year

Particulars	Gross Block (Cost or Deemed cost)					Accumulated Depreciation/Amortisation					NET BLOCK
	As at 01.04.2016	Additions	Disposals	Exchange Difference	As at 31.03.2017	As at 01.04.2016	For the Year	Disposals	Exchange Difference	As at 31.03.2017	As at 31.03.2017
Property, Plant and Equipment											
Leasehold Improvement	119.13	-	-	3.47	115.66	73.29	2.26	-	2.17	73.38	42.28
Plant & Machinery	1,515.07	3.68	-	44.17	1,474.58	915.31	29.73	-	27.09	917.96	556.63
Furniture & fixture	97.93	22.90	-	3.19	117.65	75.85	6.70	-	2.31	80.24	37.40
Office Equipment	328.00	0.71	-	9.56	319.15	289.44	9.68	-	8.57	290.54	28.60
Vehicles	118.97	-	-	3.46	115.50	55.84	12.44	-	1.81	66.47	49.03
Total Property, Plant and Equipment	**2,179.09**	**27.30**	**-**	**63.85**	**2,142.54**	**1,409.72**	**60.81**	**-**	**41.94**	**1,428.59**	**713.95**

G. R. MODI & CO.
M. NO. 107574
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Ajanta Pharma (Mauritius) Limited

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

				31-Mar-18	31-Mar-17
				Rs. in Lacs	Rs. in Lacs
5	Non-Current Investments				
	Investment at Fair Value through Profit or Loss (FVTPL)				
	In Mutual Funds (Quoted)				
		Face Value ₹	No. of Units *		
	Kotak Fixed Term Fund XII Segregated Portfolio	694	70,413	461.52	-
			(-)		
	Greenland Global Fund - Sub Fund A - Class B RPS - Series 8	65,180	450	295.84	-
			(-)		
				757.35	-
6	Other Non-Current Financial Assets				
	(Unsecured, Considered Good)				
	Security Deposits			22.07	17.85
				22.07	17.85
7	Deferred Tax Assets (Net)				
	Deferred Tax Assets				
	Others			-	3.93
	Deferred Tax Assets (Net)			-	(3.93)
8	Inventories				
	Raw Materials			306.32	152.94
	Packing Materials			79.38	88.86
	Work-in-Process			28.01	88.61
	Finished Goods			108.29	160.91
	Stock-in-trade			1,143.68	1,467.58
				1,665.68	1,958.91
9	Trade Receivables				
	Unsecured				
	-Considered good			6,180.46	2,836.51
				6,180.46	2,836.51
10	Cash and cash equivalents				
	Cash on Hand			1.93	2.21
	Balance with Banks - In Current Accounts			2,946.40	932.84
				2,948.33	935.05
11	Other Current Assets				
	Advances to Related Parties (APUI & APL)			412.87	1,878.95
	Advances to Employees			478.16	440.27
	Advances to Suppliers			257.14	-
				1,148.17	2,319.22

G. R. MODI & CO. Chartered Accountants M. NO. 107574

Ajanta Pharma (Mauritius) Limited

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

12 Equity Share Capital

	31-Mar-18		31-Mar-17	
	No. of Shares	Rs. in Lacs	No. of Shares	Rs. in Lacs
Authorised :				
Ordinary Shares of MUR 100 each	10,00,000	1,494.30	10,00,000	1,494.30
Issued, Subscribed & Paid up :				
Ordinary Shares of MUR 100 each fully paid up	6,13,791	943.81	6,13,791	809.60

(a) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year :

	31-Mar-18		31st March 2017	
	No. of Shares	Rs. Lacs	No. of Shares	Rs. Lacs
Number of shares outstanding as at the beginning of the year	6,13,791	943.81	6,13,791	809.60
Add : Number of shares allotted as fully paid-up during the year	-	-	-	-
Less: Number of shares bought back during the year	-	-	-	-
Number of shares outstanding as at the end of the year	6,13,791	943.81	6,13,791	809.60

(b) Rights, preferences and restrictions attached to shares

The company has issued only one class of ordinary shares with voting rights having a par value of MUR100 per share.

During the year ended 31 March 2018, amount per share of dividend recognised as distributions to equity shareholders was MUR 391.91 per equity share (Pr.Yr. MUR 320.71 per equity share)

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company. The distribution will be in proportion to the numbers of equity shares held by shareholders.

(c) Details of Equity Shares held by each shareholders holding more than 5%

Name of Shareholder	31-Mar-18		31st March 2017	
	No. of Shares	% Holding	No. of Shares	% Holding
Ajanta Pharma Ltd., India	6,13,791	100.00	6,13,791	100.00
(d) Shares reserved for issue under options	Nil	Nil	Nil	Nil

13 OTHER EQUITY

	31-Mar-18	31-Mar-17
General Reserve		
Balance at the beginning of the year	7,489.42	7,489.42
Add : Transferred from Statement of Profit & Loss	-	-
	7,489.42	7,489.42
Exchange Fluctuation Reserve	214.57	(265.54)
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	240.60	-
Profit for the year	7,407.78	3,894.39
Less: Appropriations		
-Dividend Paid on Equity Shares	4,344.74	3,653.79
Balance at the year end	3,303.64	240.60
Total Other Equity	11,007.63	7,464.49

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M. NO.
107574
Chartered Accountants

			31-Mar-18	31-Mar-17
			Rs. in Lacs	Rs. in Lacs
14	Other Current Liabilities			
	Other Payables		1,381.94	511.33
			1,381.94	511.33
15	Revenue from Operations			
	Sale of Products			
	Finished Goods		2,364.41	3,520.79
	Stock-in-Trade		27,082.71	17,276.92
			29,447.12	20,797.71
16	Other Income			
	Exchange Difference (Net)		311.83	-
	Interest from Others		60.50	1.11
	Miscellaneous Income		0.42	0.38
			372.75	1.49
17	Cost of Material Consumed			
	Raw Material Consumed		183.05	337.28
	Packing Material Consumed		102.26	117.21
			285.31	454.49
18	Purchase of Stock-in-Trade		9,574.48	6,198.05
19	Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade			
	Inventories at the end of the year :			
	Work-in-Process		28.01	88.61
	Finished Goods		108.29	160.91
	Stock-in-trade		1,143.68	1,467.58
		(A)	1,279.98	1,717.10
	Inventories at the beginning of the year :			
	Work-in-Process		88.61	62.10
	Finished Goods		160.91	84.60
	Stock-in-trade		1,467.58	2,709.47
		(B)	1,717.10	2,856.17
	Total changes in inventories of Finished Goods, Work-in-progress and Stock-in-Trade :			
	Work-in-Process		60.60	(26.51)
	Finished Goods		52.61	(76.31)
	Stock-in-Trade		323.91	1,241.89
	Total changes in inventories of Finished Goods, Work-in-progress and Stock-in-Trade	(B) - (A)	437.12	1,139.07
20	Empolyee Benefit Expenses			
	Salaries, Wages, Bonus and Allowances		551.73	487.69
	Contribution to Provident and Other Funds		11.27	10.67
	Staff Welfare Expenses		5.06	3.13
			568.06	501.48
21	Depreciation			
	Depreciation of Tangible Assets (Refer note 4)		112.80	60.81
			112.80	60.81
22	Other Expenses			
	Selling Expenses		10,016.55	7,656.68
	Clearing and Forwarding		400.97	396.36
	Travelling Expenses		143.01	132.66
	Power and Fuel		30.55	25.94
	Rent		41.40	35.33
	Telephone, Telex & Postage		7.67	12.19
	Repairs to Machinery		11.63	11.65
	Insurance		5.46	7.35
	Exchange Difference (Net)		-	39.30
	Corporate Social Responsibility Expenses		8.02	20.81
	Miscellaneous Expenses		124.26	125.99
			10,789.51	8,464.26

G. R. MODI & CO. * Chartered Accountants * M. NO. 107574

Ajanta Pharma (Mauritius) Limited

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

23. Capital Management

Group'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 equity shareholders. The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. Group's target is to achieve a return on capital above 30%; in 2017-18 the return was 67% and in 2016-17 the return was 48%.

Group monitors capital using a ratio of 'adjusted net debt' to 'adjusted 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 and short term investments. Adjusted equity comprises all components of equity.

Group's policy is to keep the ratio below 1.00 and its adjusted net debt to equity ratio at 31 March 2018 was as follows.

₹ in Lacs

Particulars		31 March 2018	31 March 2017
Debt (Debt + Current Liabilities)		1,381.94	511.33
Less: Cash and Cash equivalents		2,948.33	935.05
Net Debt	A	(1,566.39)	(423.72)
Equity	B	11,951.44	8,274.09
Net Debt to Equity ratio	A/B	-	-

24. Earnings Per share (EPS):

The numerator and denominator used to calculate Basic and Diluted Earnings Per Share:

Particulars		31 March 2018	31 March 2017
Basic and Diluted Earnings Per Share:			
Profit attributable to Equity shareholders-for Basic EPS (₹ in Lacs)	A	7,407.78	3,894.39
Add: Dilutive effect on profit (₹ in Lacs)	B	Nil	Nil
Profit attributable to Equity shareholders for computing Diluted EPS (₹ in Lacs)	C=A-B	7,407.78	3,894.39
Weighted Average Number of Equity Shares outstanding - for Basic EPS	D	6,13,791	6,13,791
Add: Dilutive effect of option outstanding-Number of Equity Shares	E	Nil	Nil
Weighted Average Number of Equity Shares for Diluted EPS	F=D+E	6,13,791	6,13,791
Face Value per Equity Share (MUR)		100	100
Basic Earnings Per Share (₹)	A/D	1,206.89	634.48
Diluted Earnings Per Shares (₹)	C/F	1,206.89	634.48

25. Employee Benefits

As required by Ind AS 19 'Employee Benefits', the Group offers its employees Social Security Cost and Severance Allowance. During the year, the Group has recognised the following amounts in the account:

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Particulars	31 March 2018 ₹ in Lacs	31 March 2017 ₹ in Lacs
Social Security Cost	11.27	10.67
Severance Allowance	5.06	3.13
Total	**16.33**	**13.80**

For employees who are not covered by a pension plan, the net present value of severance allowances payable is provided for under the Employment Rights Act. It has been assumed that the rate of future salary increases will be equal to the discount rate.

26. Financial Instrument - fair values and risk management

Fair value measurements

₹ in Lacs

	31 March 2018		31 March 2017	
Financial Instruments by category	**FVTPL**	**Amortised Cost**	**FVTPL**	**Amortised Cost**
Financial Assets				
Investment in Mutual Funds	757.35	-	-	-
Trade Receivables	-	6,180.46	-	2,836.51
Other Non-Current Financial Assets	-	22.07	-	17.85
Cash and cash equivalents	-	2,948.33	-	935.05
Total Financial Assets	**757.35**	**9,150.86**	**-**	**3,789.41**
Financial Liabilities				
Other Current Financial Liabilities	-	1,381.94	-	511.33
Total Financial Liabilities	**-**	**1,381.94**	**-**	**511.33**

Fair Value Hierarchy

₹ in Lacs

	31 March 2018			31 March 2017		
Financial assets and liabilities measured at fair value	**Level**			**Level**		
	I	II	III	I	II	III
Financial assets						
Non recurring fair value measurement						
Investment in Mutual Funds	757.35	-	-	-	-	-
Trade Receivables	-	-	6,180.46	-	-	2,836.51
Other Non-Current Financial Assets	-	-	22.07	-	-	17.85
Cash and cash equivalents	-	-	2,948.33	-	-	935.05
Total Financial Assets	**757.35**	**-**	**9,150.86**	**-**	**-**	**3,789.41**
Financial Liabilities						
Other Current Financial Liabilities	-	-	1,381.94	-	-	511.33
Total Financial Liabilities	**-**	**-**	**1,381.94**	**-**	**-**	**511.33**

Level 1 - The hierarchy in level 1 includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

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

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Ajanta Pharma (Mauritius) Limited

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, etc. included in level 3.

A. Financial risk management

Group has exposure to following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

i. Risk management framework

Group's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Management is responsible for developing and monitoring the Company's risk management policies, under the guidance of Audit Committee.

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

Group's Audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. 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.

ii. Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables).

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

₹ in Lacs

Particulars	31 March 2018	31 March 2017
Not past due but impaired	-	-
Not past due not impaired	-	-
Past due not impaired	6,180.46	2,836.51
- 1-180 days	5,925.58	2,669.89
- 181-365 days	-	-
- more than 365 days	254.88	166.62
Past due impaired	-	-
- 1-180 days	-	-
- 181-365 days	-	-
- more than 365 days	-	-

a) Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Trade receivables, which are non-interest bearing, are mainly from

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stockists, distributors and customers. Except for, one large client, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The group does not hold collateral as security. The group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

b) **Financial instruments**

Company limits its exposure to credit risk by investing only in liquid debt securities issued by mutual funds having a credit ranking of atleast 3 and above from CRISIL or equivalent rating agency. Company monitors changes in credit risk by tracking published external credit ranking. Based on its on-going assessment of counterparty risk, the Company adjusts its exposure to various counterparties.

iii. **Liquidity risk**

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including bilateral loans, debt and overdraft from banks at an optimised cost. Working capital requirements are adequately addressed by internally generated funds. Trade receivables are kept within manageable levels.

iv. **Market risk**

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments. Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. All transactions are carried out within the guidelines set by the risk management committee.

The sensitivity analysis have been prepared on the basis of derivatives and the proportion of financial instruments in foreign currencies are all constant. The analysis excludes the impact of movements in market variables on the carrying value of postemployment benefit obligations, provisions and on the non-financial assets and liabilities. The sensitivity of the relevant income statement item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of 31 March 2018 and 31 March 2017.

a) **Currency risk**

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated. The

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currencies in which these transactions are primarily denominated are US Dollars, Euro and Mauritian Rupee.

The Group does not have any policy to hedge against foreign currency exposure. In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The following table analyses foreign currency risk as of 31 March 2018 and 31 March 2017:

₹ in Lacs

Particulars	31 March 2018	31 March 2017
Bank Balances	2,948.33	935.05
Trade Receivables	6,180.46	2,836.51
Other Current Assets	412.87	1,878.95
Net Assets / (Liabilities)	6,593.33	4,715.46

For the year ended 31 March 2018 and 31 March 2017, every percentage point depreciation / appreciation in the exchange rate between the MUR and respective currencies has affected the Group's incremental profit before tax as per below:

₹ in Lacs

Year	Change in currency exchange rate	Effect on profit before tax
31 March 2018	+5% / (-5%)	329.77 / (329.77)
31 March 2017	+5% / (-5%)	235.77 / (235.77)

27. **Note on foreign currency exposures on assets and liabilities:**

During the year, the Group has not entered into Forward Exchange Contract. The year-end foreign currency exposures that have not been mitigated by a derivative instrument or otherwise are as below:

Particulars	₹ in Lacs	₹ in Lacs	Foreign Currency Amt in Lacs	Foreign Currency Amt in Lacs	Foreign Currency
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	
Amount Receivable	412.87 6,180.46	1,719.11 2,996.35	5.11 76.47	26.51 43.23	USD EURO

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates is Nil as there are no borrowings in the Group.

c) Price risk

Group does not have any exposure to price risk, as there is no equity investments by group.

28. **Disclosure for operating leases under Ind AS 17 - "Leases":**

The Group have taken various premises under operating lease. These are generally cancellable and ranges from 11 months to 5 years and are renewable by mutual consent on mutually agreeable terms. Some of these lease agreements have price escalation clauses. There are no restrictions imposed by lease arrangements and there are no sub leases. There are no contingent rents. The lease payments of ₹ 41.40

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Lacs (Previous Year ₹ 35.33 Lacs) are recognised in Statement of Profit and Loss under "Rent" under Note 22.

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

Particulars	31 March 2018 ₹ in Lacs	31 March 2017 ₹ in Lacs
Not later than one year	44.27	38.29
Later than one year but not later than five years	200.36	173.30
Less than five years	Nil	Nil

29. **Contingent Liabilities and commitments:**
There are no contingent liabilities and commitments by the Group.

30. Related party disclosure as required by Ind AS 24 are given below:

A) Relationships:

Category I - Holding Company & Fellow Subsidiary
Ajanta Pharma Ltd., India (Holding Company)
Ajanta Pharma USA Inc. (Fellow Subsidiary)

Category II - Directors, Key Management Personnel & their Relatives:
Mr. Vinayak Muzumdar Director (APML)
Mr. Suttian Deerpaul Director (APML)
& Relatives of Key Management Personnel

B) Following transactions were carried out with related parties:

Sr. No.	Particulars	Category	31 March 2018 ₹ in Lacs	31 March 2017 ₹ in Lacs
1.	**Purchase of Goods:**			
	Ajanta Pharma Ltd., India	I	10,294.79	6,910.81
2.	**Key Management Compensation:**			
	Short Term Employee Benefits			
	Vinayak Muzumdar & Suttian Deerpaul	II	70.87	65.87
3.	**Dividend Paid to Ajanta Pharma Ltd., India**	I	4,344.74	3,653.79
4.	**Advance Received from Ajanta Pharma USA Inc.**	I	1,719.11	Nil
5.	**Advance Received from Ajanta Pharma USA Inc.**	I	82.67	Nil

C) Amount outstanding as on 31 March 2018

Sr. No.	Particulars	Category	31 March 2018 ₹ in Lacs	31 March 2017 ₹ in Lacs
1.	**Advance Receivable :**			
	Ajanta Pharma Ltd., India	I	412.87	159.84
	Ajanta Pharma USA Inc.	I	Nil	1,719.11

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Ajanta Pharma (Mauritius) Limited

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

31. Contribution towards Corporate Social Responsibility

The particulars of CSR expenditure are as follows:

Sr. No.	Particulars	31 March 2018 ₹ in Lacs	31 March 2017 ₹ in Lacs
a.	Construction/ acquisition of asset	Nil	Nil
b.	On purposes other than (a) above	8.02	20.81

32. Remuneration to Auditors :

Particulars	31 March 2018 ₹ in Lacs	31 March 2017 ₹ in Lacs
Audit Fees	9.75	9.00
For Certification and Other Matters	1.00	0.77

33. The Group has one segment of activity namely "Pharmaceuticals".

In terms of our report attached

For G. R. Modi & Co.
Chartered Accountants
(ICAI FRN : 112617W)

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Swapnil Modi
Partner

Mumbai, 24 April 2018

For and on behalf of Board of Directors of
Ajanta Pharma (Mauritius) Limited

Yogesh M. Agrawal
Director

G. R. MODI & CO.
Chartered Accountants

12, Laxminarayan Shopping Center,
1st Floor, Poddar Road, Malad (E),
Mumbai - 400097.
Tel No. 91-22-28884274 - 28819304
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Independent Auditor's Report
To the Members of AJANTA PHARMA PHILIPPINES INC.

Report on the Standalone Financial Statements
The accounts of AJANTA PHARMA PHILIPPINES INC. are being audited under the local laws of the country by the statutory auditor for the period 1st Jan 2017 to 31st December 2017. The company follows the period 1st April 2017 to 31st March 2018. In order to consolidate the accounts of AJANTA PHARMA PHILIPPINES INC. With that of the company, we have been appointed by the management of the company to audit the reinstated accounts of AJANTA PHARMA PHILIPPINES INC. for the period 1st April 2017 to 31st March 2018 under the companies Act in accordance with generally accepted accounting principles in India (Ind AS).

We have audited the accompanying standalone Ind AS financial statements of AJANTA PHARMA PHILIPPINES INC. ("the Company") comprising of the Standalone Balance Sheet as at 31st March 2018, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Cash Flow Statement, the Standalone Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS financial statements") prepared in accordance with group accounting policies followed by Ajanta. These Consolidated/Standalone financial statements have been prepared solely to enable Ajanta to prepare its consolidated financial statements.

Management's Responsibility for the Standalone Ind AS Financial Statements
The Company's Board of Directors is responsible for the preparation and presentation of the standalone Ind AS financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the standalone state of affairs (financial position), standalone profit (financial performance including other comprehensive income), standalone cash flows and standalone statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder. The respective Board of Directors of the companies are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the standalone Ind AS financial statements by the Directors of the Company, as aforesaid.

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The Consolidated/Standalone financial statements has been prepared by the Management on the basis of instructions received in this regard from Ajanta solely for the use by Ajanta in preparation of its Consolidated Financial Statements in accordance with the group accounting policies followed by Ajanta.

Auditor's Responsibility

Our responsibility is to express an opinion on the standalone Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the standalone state of affairs (Financial position) of the Company as at 31st March 2018, and the standalone profit (financial performance including other comprehensive income) of the Company, the standalone cash flows and the standalone changes in equity of the Company for the year ended on that date

Report on Other Legal and Regulatory Requirements

I. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:

a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid standalone financial statements.

b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid standalone Ind AS financial statements have been kept so far as it appears from our examination of those books.

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c) the Standalone Balance Sheet, the Standalone Statement of Profit and Loss, the Standalone Cash Flow Statement and the standalone statement of changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the standalone Ind AS financial statements.

d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder;

e) on the basis of the written representations received from the directors of the Company as on 31st March 2018 taken on record by the Board of Directors of the Company, none of the directors of the company is disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

f) the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls are adequate in accordance to the size and operations of the company,

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

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company has not entered into any long-term contracts including derivative contracts, requiring provision under the applicable law or accounting standards, for material foreseeable losses; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

for **G.R.Modi & Co**
Chartered Accountants
Firm's registration number: 112617W

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

CA Swapnil Modi
Partner
Membership number: 107574
Mumbai
24th April 2018

Ajanta Pharma Philippines Inc.

Notes to the Financial Statements as on 31 March 2018

1. Corporate Information

Ajanta Pharma Philippines Inc. is a limited liability company incorporated and domiciled in Philippines and is a wholly owned subsidiary of Ajanta Pharma Ltd., India. The address of its registered office is located at Unit 710, AXA Life Bldg., 1286, Sen. Gil Puyat Ave., Makati City, Philippines.

Company is primarily involved in the business of pharmaceutical and related activities.

The Financial Statement for the Company were authorised for issue by the Company's Board of Directors on 24 April, 2018.

2. **Basis of preparation**

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

The financial statements have been prepared on an accrual basis and under the historical cost basis, which have been measured at fair value or revalued amount wherever applicable.

3. **Functional and Presentation Currency:**

Functional currency of the Company is Philippine Peso (Php). The financial statement is prepared & presented in Indian Rupees (INR) as it is the functional currency of the Holding Company.

4. Rounding of Amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lacs.

5. **Current versus non-current classification:**

The assets and liabilities in the balance sheet are presented based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle, or
- Held primarily for the purpose of trading, or
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

- Expected to be settled in normal operating cycle, or
- Held primarily for the purpose of trading, or
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are treated as non-current.

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

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Operating Cycle

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

6. Significant Accounting Policies

6.1 Property, plant and equipment

Property and equipment are initially measured at cost and are presented in the financial statements at cost less accumulated depreciation and amortization and any accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment at the time that cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing.

The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost also includes any related asset retirement obligation (ARO) and interest incurred during the construction period on funds borrowed to finance the construction of the projects. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to deferred development cost in the period the cost are incurred. Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the items can be measured reliably.

Depreciation is calculated on a straight-line basis to write off the cost of assets, to their residual values over their estimated useful life as follows:

Particulars	Useful Life
Condominium Units	20 years
Furniture, Fixtures & Fittings	2 years
Office Equipments	2 years
Computers	2 years
Motor Vehicles	5 years

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization are recognized in profit or loss.

An item of property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising on the retirement and disposal of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period of retirement or disposal.

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6.2 **Intangible Assets**

Intangible assets are initially measured at cost and are subsequently measured at cost less accumulated amortization and any accumulated impairment loss. These are amortized over estimated useful life of 3 years using the straight-line method. If there is an indication that there has been a significant change in amortization rate, useful life or residual value of an intangible asset, the amortization is revised prospectively to reflect the new expectations.

Intangible assets are derecognized when these assets are disposed of or when no future economic benefits are expected from these assets.

6.3 **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Classification

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 flows characteristics of the financial asset.

Initial recognition and measurement

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

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in two broad categories:

- Financial assets at fair value (FVTPL /FVTOCI)
- Financial assets at amortised cost

When assets are measured at fair value, gains and losses are either recognised in the statement of profit and loss (i.e. fair value through profit or loss (FVTPL)), or recognised in other comprehensive income (i.e. fair value through other comprehensive income (FVTOCI)).

Financial Assets measured at amortised cost (net of any write down for impairment, if any)

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment, if any. The losses arising from impairment are recognised in the Statement of profit and loss.

Financial Assets measured at Fair Value Through Other Comprehensive Income ("FVTOCI")

Financial assets under this category are measured initially as well as at each reporting date at fair value, when asset is held within a business model, whose objective is to hold assets for both collecting contractual cash flows

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and selling financial assets. Fair value movements are recognized in the other comprehensive income.

Financial Assets measured at Fair Value Through Profit or Loss ("FVTPL"):
Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in profit or loss.

Investment in Equity Instruments
Equity instruments which are held for trading are classified as at FVTPL. All other equity instruments are classified as FVTOCI. Fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income. There is no recycling of the amounts from other comprehensive income to profit or loss.

Investment in Debt Instruments
A debt instrument is measured at amortised cost or at FVTOCI. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of profit and loss.

Derecognition of Financial Assets
A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or Company has transferred its rights to receive cash flows from the asset.

Impairment of Financial Assets
In accordance with Ind - AS 109, Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are debt instruments and trade receivables.

Financial Liabilities
Classification
Company classifies all financial liabilities as subsequently measured at amortised cost or FVTPL.

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

Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement
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. Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through EIR amortisation process. 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

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EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition of Financial Liabilities

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.

Derivative Financial Instrument

The Company uses derivative financial instruments, such as forward currency contracts to mitigate its foreign currency 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.

6.4 Inventories

Finished products including traded goods are valued at lower of cost and net realisable value. Cost is arrived at on moving weighted average basis. The cost of Inventories have been computed to include all cost of purchases, cost of conversion, appropriate share of fixed production overheads based on normal capacity and other related cost incurred in bringing the inventories to their present condition.

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

Slow and non-moving, obsolesces, defective inventory are fully provided for and valued at net realisable value. Goods in transit are valued at actual cost incurred up to the date of balance sheet.

6.5 Cash And Cash Equivalent

Cash and Cash Equivalents comprise of cash on hand and cash at bank including fixed deposit/highly liquid investments with original maturity period of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

6.6 Cash Flow Statements

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flow from operating, investing and financing activities of the Company are segregated.

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6.7 Foreign Currency Transactions

Revenue Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.

Monetary items denominated in foreign currencies at the year-end are re-measured at the exchange rate prevailing on the balance sheet date. Non-monetary foreign currency items are carried at cost.

Any income or expense on account of exchange difference either on settlement or on restatement is recognised in the Statement of Profit and Loss.

6.8 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are inclusive of excise duty, excluding Goods and Service Tax (GST), sales tax or value added taxes or service taxes or duties collected on behalf of the government, and net of returns, trade discount/allowances, rebates, and amounts collected on behalf of third parties.

Revenue from sale of goods is recognised, when all significant risks and rewards are transferred to the buyer, as per the terms of contracts and no significant uncertainty exists regarding amount of the consideration that will be derived from the sale of goods.

Dividend income is recognised when right to receive dividend is established. Interest income is recognised on time proportion basis. Insurance and other claims are recognised as a revenue on certainty of receipt on prudent basis.

6.9 Employee Benefits

Short-term Benefits - The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Company to its employees include salaries and wages, social security contributions, short-term compensated absences, bonuses and other non-monetary benefits.

Post-Employment Benefits - The Company does not have a formal retirement benefit plan. However, the Company is subject to the provision of Republic Act No. 7641 (known as the Retirement Law). This requires that in the absence of a retirement plan of agreement providing for retirement benefits of employees in the private sector, an employee upon reaching the age of 60 years or more, but not beyond 65 years, who has served for at least five (5) years in a private company, may retire and shall be entitled to retirement pay. No actuarial computation was made considering that there are no more than ten (10) employees who had served at least five years and the turnover of employees is high.

Compensated Absences - Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the

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end of the reporting period. Those are included in the salaries and wages account and are recognized when availed of by the employees.

Retirement and Other Long-term Benefits
Retirement and other long-term benefits costs are actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. The calculation of defined benefit obligations is performed annually by a qualified actuary. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in the future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net retirement and other long-term employee benefits liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI. The Company determines the net interest expense to measure the net retirement benefit liability (asset) on at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or 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 recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The net retirement and other long-term benefits liability recognized by the Company is the aggregate of the present value of the defined benefit obligation reduced by the fair value of plan assets out of which the obligations are to be settled directly. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related retirement and other long-term benefits liability.

Share-based compensation
Company has no share based compensation plan.

6.10 Borrowing Costs
Borrowing costs comprise interest expense on borrowings and other bank charges. Borrowing costs incurred in connection with the construction or production of a qualifying asset are capitalized as part of the cost of the asset constructed. All other borrowing costs are recognized in statements of comprehensive income under finance cost account.

6.11 Lease

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The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by lessor are classified as operating leases. Leases rentals are charged to the statement of profit and loss on straight line basis.

6.12 Earnings Per Share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

6.13 Income Taxes

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. The current income tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the end of reporting period and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

6.14 Dividends to Shareholders

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Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable is recognised directly in equity.

6.15 Provisions, Contingent Liabilities, Contingent Assets and Commitments

General

Provisions are recognized when: (a) the Company has a present obligation (legal or constructive) as a result of past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and those risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimates is possible;
- a possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent liabilities are not recognised in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets and Non-cancellable operating lease.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

Asset Retirement Obligation

Asset retirement obligations (ARO) are provided for those operating lease arrangements where the Company has a binding obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease. ARO are provided at the present value of expected costs to settle the obligation using discounted cash flows and are recognised as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is recognised in the income

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statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

6.16 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date in accordance with Ind AS 113.

Financials Statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value received from Bank.
- Mutual Funds are measured at fair values as per Net Asset Value (NAV).
- Employee Stock Option Plan (ESOP) at fair values as per Actuarial Valuation Report.

Fair value is the price that would be received to sell an asset or settle a liability in an ordinary transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

6.17 Recent accounting pronouncements

Standards issued but not yet effective

The Ministry of Corporate Affairs in March 2018 has re-notified Ind AS 115, Revenue from Contracts with Customers. Earlier, this Standard was omitted and two other standards, Ind AS 11, Construction Contracts and Ind AS 18, Revenue had been notified in its place. Now, after re-notification of Ind AS 115, Ind AS 11 and Ind AS 18 would be redundant. Ind AS 115 deals with recognition of revenue arising from sale of goods, rendering of services, interest, royalties and construction contracts. It is a converged form of IFRS 15, Revenue from Contracts with Customers. Ind AS 115 shall be applied from financial years beginning on or after 1st April, 2018.

These amendments are not expected to have any impact on the Company.

6.18 Critical accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities in future periods.

(a) Arrangement containing lease

At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease. At the inception or on reassessment of an arrangement that contains a lease, Company separates payments and other consideration required by the arrangement into those for the lease and those for the other elements on the basis of their relative fair values.

The Company has determined, based on an evaluation of the terms and conditions of the arrangements that such contracts are in the nature of operating leases.

(b) Multiple element contracts with vendors

The Company has entered into multiple element contracts with vendors for supply of goods and rendering of services. The consideration paid is/may be determined independent of the value of supplies received and services availed. Accordingly, the supplies and services are accounted for based on their relative fair values to the overall consideration. The supplies with finite life under the contracts (as defined in the significant accounting policies) have been accounted under Property, Plant and Equipment and/or as Intangible assets, since the Company has economic ownership in these assets. Company believes that the current treatment represents the substance of the arrangement.

(c) Property, Plant and equipment

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Determination of the estimated useful life of tangible assets and the assessment as to which components of the cost may be capitalized. Useful life of tangible assets is based on the life of useful lives/rates prescribed by the GAAPs of the respective countries. Assumptions also need to be made, when the Company assesses, whether an asset may be capitalised and which components of the cost of the asset may be capitalised.

(d) Intangible Assets
Internal technical or user team assess the remaining useful lives of Intangible assets. Management believes that assigned useful lives are reasonable.

(e) Recognition and measurement of defined benefit obligations
The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at the end of the reporting period on the government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

(f) Recognition of deferred tax assets and income tax
Deferred tax asset is recognised for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The management assumes that taxable profits will be available while recognising deferred tax assets.

Management judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the financial statements.

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective country.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the

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losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, future tax planning strategies and recent business performances and developments.

(g) Recognition and measurement of other provisions
The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may, therefore, vary from the figure included in other provisions.

(h) Contingencies
Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

(i) Allowance for uncollected accounts receivable and advances
Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management seems them not collectible. Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

The impairment provisions for financial assets are based on assumption about risk of default and expected loss rates. Judgement in making these assumption and selecting the inputs to the impairment calculation are based on past history, existing market condition as well as forward looking estimates at the end of each reporting period.

(j) Insurance claims
Insurance claims are recognised when the Company have reasonable certainty of recovery.

(k) Impairment reviews
An impairment exists when the carrying value of an asset or cash generating unit ('CGU') exceeds its recoverable amount. Recoverable amount is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. In calculating the value in use, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of growth in EBITDA, long term growth rates; and the selection of discount rates to reflect the risks involved.

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Shetty Finance

Ajanta Pharma Philippines Inc.
Balance Sheet as at 31 March 2018

			Note No	31-Mar-18 Rs. in Lacs	31-Mar-17 Rs. in Lacs
		Assets			
(1)		**Non-Current Assets**			
	(a)	Property, Plant and Equipment	4	578.58	513.75
	(b)	Other Intangible Assets	4	4.14	5.15
	(c)	Financial Assets			
		(i) Other Non-current Financial Assets	5	1.21	1.25
	(d)	Deferred tax assets (net)	6	15.43	4.98
		Total Non-Current Assets		599.36	525.13
(2)		**Current Assets**			
	(a)	Inventories	7	2,406.43	2,304.46
	(b)	Financial Assets			
		(i) Trade Receivables	8	4,131.01	3,691.19
		(ii) Cash and cash equivalents	9	1,023.05	260.45
	(c)	Other current assets	10	298.96	314.03
		Total Current Assets		7,859.45	6,570.12
		Total Assets		8,458.81	7,095.25
		Equity And Liabilities			
		Equity			
	(a)	Equity Share Capital	11	138.40	138.40
	(b)	Other Equity	12	5,289.88	4,251.05
		Total Equity		5,428.28	4,389.45
		Liabilities			
(1)		**Non Current Liabilities**			
	(a)	Financial Liabilities			
		(i) Borrowings	13	100.59	104.17
		Total Non-Current Liabilities		100.59	104.17
(2)		**Current Liabilities**			
	(a)	Financial Liabilities			
		(i) Trade Payables	14	2,106.89	1,817.61
		(ii) Other current financial liabilities	15	78.61	23.66
	(b)	Other current liabilities	16	744.44	760.36
		Total Current Liabilities		2,929.94	2,601.62
		Total Equity and Liabilities		8,458.81	7,095.25

See accompanying notes forming part of the financial statements

In terms of our report attached
For G. R. Modi & Co.
Chartered Accountants
(ICAI FRN : 112617W)

G. R. MODI & CO. Chartered Accountants M. NO. 107574

Swapnil Modi
Partner
Mumbai, 24 April, 2018

For and on behalf of Board of Directors
of Ajanta Pharma Philippines Inc.

Rajesh M. Agrawal
Director

Ajanta Pharma Philippines Inc

Statement of Profit and Loss Account for the year ended 31 March 2018

	Note No	31-Mar-18 Rs. in Lacs	31-Mar-17 Rs. in Lacs
Income :			
Revenue from operations	17	12,763.96	12,181.88
Other Income	18	50.24	7.97
Total Income		**12,814.20**	**12,189.85**
Expenses :			
Cost of Materials Consumed	-	-	-
Purchase of Stock-in-Trade	19	7,043.36	6,796.34
Changes in inventories of Finished Goods/Work-in-Progress/Stock-in-Trade	20	(101.98)	(814.07)
Employee Benefits Expenses	21	1,147.30	1,157.84
Finance Costs	22	16.39	12.87
Depreciation & Amortisation Expense	23	99.36	95.64
Other Expenses	24	2,097.65	2,111.02
Total Expenses		**10,302.09**	**9,359.63**
Profit Before Tax		**2,512.11**	**2,830.21**
Tax Expense:			
Current Tax		766.62	877.30
Deffered Tax		(1.87)	1.40
Profit For The Year		**1,747.36**	**1,951.51**
Other Comprehensive Income / (Loss)			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(88.10)	(264.48)
Income tax relating to items that will be reclassified to profit or loss		-	-
Net other Comprehensive Income / (Loss) to be reclassified subsequently to profit or loss		**(88.10)**	**(264.48)**
Other Comprehensive Income / (Loss) for the year, net of tax		**(88.10)**	**(264.48)**
Total Comprehensive Income / (Loss) for the year		**1,659.26**	**1,687.03**
Earning Per Equity Share (Basic & Diluted) (Face Value PHP100/-)	26	**2,130.93**	**2,379.89**

See accompanying notes forming part of the financial statements

In terms of our report attached
For G. R. Modi & Co.
Chartered Accountants
(ICAI FRN : 112617W)

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Swapnil Modi
Partner
Mumbai, 24 April, 2018

For and on behalf of Board of Directors
of Ajanta Pharma Philippines Inc.

Rajesh M. Agrawal
Director

Ajanta Pharma Philippines Inc.

Statement of Cashflows for the year ended 31 March 2018

			(₹ In Lacs)
		31 March 2018	31 March 2017
A.	**Cash Flow from Operating Activities**		
	Profit before Tax	2,512.11	2,830.21
	Adjustment for :		
	Depreciation and Amortisation Expense	99.36	95.64
	Finance Costs	16.39	12.87
	Exchange Fluctuation	(88.10)	(264.48)
	Operating Cashflows before Working Capital Changes	2,539.77	2,674.24
	Change in Working Capital :		
	Decrease (Increase) in Trade Receivable	(439.82)	(534.94)
	Decrease (Increase) in Other Non Curent Assets	(10.40)	20.07
	Decrease (Increase) in Other Current Assets	15.08	(110.95)
	Decrease (Increase) in Inventories	(101.98)	(814.07)
	Increase (Decrease) in Other Current Liabilities	39.03	118.61
	Increase (Decrease) in Trade Payables	289.28	(39.48)
	Cash Generated from Operations	2,330.95	1,313.47
	Net Income tax paid	(764.75)	(878.70)
	Net Cash flow Generated from Operating Activities	1,566.20	434.77
B.	**Cash Flow from Investing Activities**		
	Capital Expenditure on Property, Plant and Equipment including Capital Advances	(163.19)	(6.23)
	Net Cash used in Investing Activities	(163.19)	(6.23)
C.	**Cash Flow from Financing Activities**		
	Repayment of Non Current Borrowings	(3.58)	(449.68)
	Interest Paid	(16.39)	(12.87)
	Dividend Paid	(620.43)	(664.42)
	Net Cash used in Financing Activities	(640.40)	(1,126.97)
	Net Increase / (Decrease) in Cash and Cash Equivalents	762.60	(698.43)
	Cash and Cash Equivalents as at the Beginning of the Year	260.45	958.88
	Cash and Cash Equivalents as at the End of the Year	1,023.05	260.45

Figures in brackets indicates outflow.

Note :

1. The above Cash Flow Statement has been prepared under 'Indirect Method' as set out in Accounting Standard 7 (Ind AS - 7) "Statement of Cash Flow".
2. Cash comprises cash on hand, current accounts and deposits with banks. Cash equivalents are sholrt-term balances (with an original maturity of three months or less from the date of acquisition).

See accompanying notes forming part of the financial statements.

In terms of our report attached

For G. R. Modi & Co.
Chartered Accountants
(ICAI FRN : 112617W)

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Swapnil Modi
Partner
Mumbai, 24 April, 2018

For and on behalf of Board of Directors of
Ajanta Pharma Philippines Inc.

Rajesh M. Agrawal
Director

Ajanta Pharma Philippines Inc.

Statement of Changes in Equity for the year ended 31 March 2018

A. Equity Share Capital

₹ in Lacs

	Balance as at 1 April 2017	Changes in equity share capital during the year	Balance as at 31 March 2018
Authorised :	138.40	-	138.40
Issued :	138.40	-	138.40
Subscribed & Paid up:	138.40	-	138.40

B. Other Equity

Particulars	Capital Redemption Reserve	Securities Premium Account	General Reserve	Share Based Payment Reserve	Retained Earnings	Foreign Currency Translation Reserve	Other items of other comprehensive income	Total	Non-Controlling Interests	Total Equity
As at 1 April 2016	-	-	3,129.03	-	-	99.42	-	3,228.44	-	3,228.44
Profit for the period	-	-	-	-	1,951.51	-	-	1,951.51	-	1,951.51
Other comprehensive income	-	-	-	-		(264.48)	-	(264.48)	-	(264.48)
Total comprehensive income	-	-	-	-	1,951.51	(264.48)	-	1,687.03	-	1,687.03
Transfer to General reserve	-	-	-	-	-	-	-	-		-
Dividend Paid	-	-	-	-	(664.42)	-	-	(664.42)		(664.42)
At 31 March 2017	-	-	3,129.03	-	1,287.09	(165.07)	-	4,251.05	-	4,251.05
Profit for the period					1,747.36			1,747.36	-	1,747.36
Other comprehensive income	-	-	-	-	-	(88.10)	-	(88.10)		(88.10)
Total comprehensive income	-	-	-	-	1,747.36	(88.10)	-	1,659.26	-	1,659.26
Dividend Paid	-	-	-	-	(620.43)	-	-	(620.43)	-	(620.43)
At 31 March 2018	-	-	3,129.03	-	2,414.02	(253.17)	-	5,289.88	-	5,289.88

See accompanying notes forming part of the financial statements

In terms of our report attached

For G. R. Modi & Co.

Chartered Accountants

(ICAI FRN : 112617W)

Swapnil Modi

Partner

Mumbai, 24 April, 2018

For and on behalf of Board of Directors of Ajanta Pharma Philippines Inc.

Rajesh M. Agrawal

Director

Ajanta Pharma Philippines Inc.

Notes to Financial Statement for the year ended 31 March 2018

4 Property, Plant and Equipment

4.1 Current Year

(₹ Lacs)

	Particulars	Gross Block (Cost or Deemed cost)					Accumulated Depreciation/Amortisation					Net Block
		As at 01.04.2017	Additions	Disposals	Exchange Difference	As at 31.03.2018	As at 01.04.2017	For the Year	Disposals	Exchange Difference	As at 31.03.2018	As at 31.03.2018
(a)	**Property, Plant and Equipment**											
	Leasehold Improvement	0.28	-	-	-	0.28	0.28	-	-	-	0.28	-
	Buildings	438.63	-	-	-	438.63	71.96	21.55	-	-	93.51	345.12
	Furniture & fixture	31.69	0.54	-	-	32.23	28.30	3.46	-	-	31.76	0.47
	Office Equipment	52.31	4.28	-	-	56.59	45.55	6.07	-	-	51.63	4.97
	Vehicles	439.11	154.93	-	-	594.04	302.81	63.30	-	-	366.11	227.92
	Computers	2.11	-	-	-	2.11	1.48	0.53	-	-	2.01	0.10
	Total	**964.14**	**159.75**	**-**	**-**	**1,123.88**	**450.39**	**94.91**	**-**	**-**	**545.30**	**578.58**
(b)	**Other Intangible Assets**											
	Computer Software	20.64	3.44	-	-	24.08	15.49	4.45	-	-	19.94	4.14
	Total	**20.64**	**3.44**	**-**	**-**	**24.08**	**15.49**	**4.45**	**-**	**-**	**19.94**	**4.14**
	Total Property, Plant and Equipment (a) + (b)											**582.73**

4.2 Previous Year

	Particulars	Gross Block (Cost or Deemed cost)					Accumulated Depreciation/Amortisation					Net Block
		As at 01.04.2016	Additions	Disposals	Exchange Difference	As at 31.03.2017	As at 01.04.2016	For the Year	Disposals	Exchange Difference	As at 31.03.2017	As at 31.03.2017
(a)	**Property, Plant and Equipment**											
	Leasehold Improvement	0.31	-	-	0.03	0.28	0.31	-	-	0.03	0.28	-
	Buildings	489.23	-	-	50.60	438.63	55.79	23.20	-	7.04	71.96	366.68
	Furniture & fixture	34.24	1.05	-	3.60	31.69	26.45	4.84	-	3.00	28.30	3.39
	Office Equipment	49.67	8.23	-	5.59	52.31	42.66	7.73	-	4.83	45.55	6.76
	Vehicles	435.82	51.15	-	47.86	439.11	278.10	56.57	-	31.85	302.81	136.29
	Computers	1.19	1.10	-	0.18	2.11	1.05	0.58	-	0.14	1.48	0.63
	Total	**1,010.46**	**61.53**	**-**	**107.86**	**964.14**	**404.36**	**92.91**	**-**	**46.89**	**450.39**	**513.75**
(b)	**Other Intangible Assets**											
	Computer Software	16.60	6.08	-	2.05	20.64	14.40	2.73	-	1.64	15.49	5.15
	Total	**16.60**	**6.08**	**-**	**2.05**	**20.64**	**14.40**	**2.73**	**-**	**1.64**	**15.49**	**5.15**
	Total Property, Plant and Equipment (a) + (b)											**518.90**

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	Ajanta Pharma Philippines Inc.		
	Notes to Financial Statement for the year ended 31 March 2018		
		31-Mar-18	31-Mar-17
		Rs. in Lacs	Rs. in Lacs
5	**Other Non-Current Financial Assets**		
	(Unsecured, Considered Good)		
	Security Deposits	1.21	1.25
		1.21	1.25
6	**Deferred Tax Assets (Net)**		
	Deferred Tax Assets		
	Others	15.43	4.98
	Deferred Tax Assets (Net)	15.43	4.98
7	**Inventories**		
	Stock-in-trade	2,406.43	2,304.46
		2,406.43	2,304.46
8	**Trade Receivables**		
	Unsecured		
	-Considered good	4,131.01	3,691.19
		4,131.01	3,691.19
9	**Cash and cash equivalents**		
	Cash and Cash Equivalents		
	Cash on Hand	0.37	0.39
	Balance with Banks - In Current Accounts	1,022.68	260.06
		1,023.05	260.45
10	**Other Current Assets**		
	Advances to Suppliers	240.61	261.08
	Advances to Employees	58.34	52.95
		298.96	314.03

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Ajanta Pharma Philippines Inc.

Notes to Financial Statement for the year ended 31 March 2018

11 Equity Share Capital

	31-Mar-18		31-Mar-17	
	No. of Shares	Rs. in Lacs	No. of Shares	Rs. in Lacs
Authorised :				
Equity Shares of PHP 100 each	82,000	138.40	82,000	138.40
Issued, Subscribed & Paid up :				
Equity Shares of PHP 100 each fully paid up	82,000	138.40	82,000	138.40

(a) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year :

	31st March 2018		31st March 2017	
	No. of Shares	Rs. Lacs	No. of Shares	Rs. Lacs
Number of shares outstanding as at the beginning of the year	82,000	138.40	82,000	138.40
Add : Number of shares allotted as fully paid-up during the year	-	-	-	-
Less: Number of shares bought back during the year	-	-	-	-
Number of shares outstanding as at the end of the year	**82,000**	**138.40**	**82,000**	**138.40**

(b) Rights, preferences and restrictions attached to shares

The company has issued only one class of ordinary shares with voting rights having a par value of PHP100 per share.

During the year ended 31 March 2018, amount per share of dividend recognised as distributions to equity shareholders was PHP 600 per equity share (Pr. Yr. PHP 589.97 per equity share)

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company. The distribution will be in proportion to the numbers of equity shares held by shareholders.

(c) Details of Equity Shares held by each shareholders holding more than 5%

Name of Shareholder	31st March 2018		31st March 2017	
	No. of Shares	% Holding	No. of Shares	% Holding
Ajanta Pharma Ltd., India	82,000	100.00	82,000	100.00

(d) Shares reserved for issue under options	Nil	Nil	Nil	Nil

12 OTHER EQUITY

	31-Mar-18	31-Mar-17
General Reserve		
Balance at the beginning of the year	3,129.03	3,129.03
Add : Transferred from Statement of Profit & Loss	-	-
	3,129.03	3,129.03
Exchange Fluctuation Reserve	(253.17)	(165.07)
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	1,287.09	-
Profit for the year	1,747.36	1,951.51
Less: Appropriations		
-Dividend Paid on Equity Shares	620.43	664.42
Balance at the year end	2,414.02	1,287.09
Total Other Equity	5,289.88	4,251.05

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Ajanta Pharma Philippines Inc.

Notes to Financial Statement for the year ended 31 March 2018

		31-Mar-18 Rs. in Lacs	31-Mar-17 Rs. in Lacs
13	**Non-Current Borrowings**		
	Vehicle Loans (Secured)		
	from Banks (PHP)	100.59	104.17
		100.59	**104.17**
14	**Trade Payables**		
	Trade Payables to Related Party	2,106.89	1,817.61
		2,106.89	**1,817.61**
15	**Other Current Financial Liabilities**		
	Current Maturities of long-term debt	78.61	23.66
		78.61	**23.66**
16	**Other Current Liabilities**		
	Others payables	744.44	760.36
		744.44	**760.36**

Ajanta Pharma Philippines Inc.

Notes to Financial Statement for the year ended 31 March 2018

			31-Mar-18 Rs. in Lacs	31-Mar-17 Rs. in Lacs
17	Revenue from Operations			
	Sale of Products			
	Stock-in-Trade		12,763.96	12,181.88
			12,763.96	12,181.88
18	OTHER INCOME			
	Interest from Others		11.25	2.64
	Miscellaneous Income		38.99	5.33
			50.24	7.97
19	Purchase of Stock-in-Trade		7,043.36	6,796.34
20	Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade			
	Inventories at the end of the year :			
	Stock-in-trade		2,406.43	2,304.46
		(A)	2,406.43	2,304.46
	Inventories at the beginning of the year :			
	Stock-in-trade		2,304.46	1,490.38
		(B)	2,304.46	1,490.38
	Total changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade :			
	Work-in-Process		(101.98)	(814.07)
	Total changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	(B) - (A)	(101.98)	(814.07)
21	Empolyee Benefit Expenses			
	Salaries, Wages, Bonus and Allowances		1,139.63	1,148.25
	Staff Welfare Expenses		7.67	9.59
			1,147.30	1,157.84
22	Finance Cost			
	Interest expenses		16.39	12.87
			16.39	12.87
23	Depreciation			
	Depreciation of Tangible Assets (Refer note 4)		99.36	95.64
			99.36	95.64
24	Other Expenses			
	Selling Expenses		666.97	670.50
	Clearing and Forwarding		974.46	904.12
	Travelling Expenses		230.27	225.05
	Power and Fuel		9.28	8.16
	Rent		18.42	19.86
	Telephone, Telex & Postage		19.99	19.78
	Repairs to Building		6.77	4.98
	Exchange Difference (Net)		48.14	116.38
	Miscellaneous Expenses		123.35	142.19
			2,097.65	2,111.02

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Ajanta Pharma Philippines Inc.

Notes to the Financial Statements for the year ended 31 March 2018

27. Capital Management

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 equity shareholders. The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. Company's target is to achieve a return on capital above 30%; in 2017-18 the return was 45% and in 2016-17 the return was 63%.

Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted 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 and short term investments. Adjusted equity comprises all components of equity.

Company's policy is to keep the ratio below 1.00 and its adjusted net debt to equity ratio at 31 March 2018 was as follows.

₹ in Lacs

Particulars		31 March 2018	31 March 2017
Debt (Debt + Current Liabilities)		2,929.94	2,601.62
Less: Cash and Cash equivalents		1,023.05	260.45
Net Debt	A	1,906.89	2,341.18
Equity	B	5,428.28	4,389.45
Net Debt to Equity ratio	A/B	0.35	0.53

28. Earnings Per share (EPS):

The numerator and denominator used to calculate Basic and Diluted Earnings Per Share:

Particulars		31 March 2018	31 March 2017
Basic and Diluted Earnings Per Share:			
Profit attributable to Equity shareholders-for Basic EPS (₹ in Lacs)	A	1,747.36	1,951.51
Add: Dilutive effect on profit (₹ in Lacs)	B	Nil	Nil
Profit attributable to Equity shareholders for computing Diluted EPS (₹ in Lacs)	C=A-B	1,747.36	1,951.51
Weighted Average Number of Equity Shares outstanding - for Basic EPS	D	82,000	82,000
Add: Dilutive effect of option outstanding-Number of Equity Shares	E	Nil	Nil
Weighted Average Number of Equity Shares for Diluted EPS	F=D+E	82,000	82,000
Face Value per Equity Share (Php)		100	100
Basic Earnings Per Share (₹)	A/D	2,130.93	2,379.89
Diluted Earnings Per Shares (₹)	C/F	2,130.93	2,379.89

29. Employee Benefits

As required by Ind AS 19 'Employee Benefits', the Company offers its employees: Short-term employee benefits - These benefits include salaries and wages and other government contributions which are due within twelve months after the end of the

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period in which the employee renders the related service. The total consideration paid in 2017-18 was ₹ 1,147.30 Lacs (Previous Year ₹ 1,157.84 Lacs).

Retirement plan - The Company did not yet set up a retirement plan since it does not have more than ten (10) employees who had served at least five years. Retirement expenses are recognized upon actual availment of qualified employees which will be determined by the Company based on the actual number of years of service in compliance with RA No. 7641. No retirement costs were recognized.

30. Financial Instrument - fair values and risk management

Fair value measurements

₹ in Lacs

	31 March 2018		31 March 2017	
Financial Instruments by category	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial Assets				
Trade Receivables	-	4,131.01	-	3,691.19
Other Non-Current Financial Assets	-	1.21	-	1.25
Cash and cash equivalents	-	1,023.05	-	260.45
Total Financial Assets	**-**	**5,155.27**	**-**	**3,952.89**
Financial Liabilities				
Borrowings	-	100.59	-	104.17
Other Current Financial Liabilities	-	823.05	-	784.02
Trade Payables	-	2,106.89	-	1,817.61
Total Financial Liabilities	**-**	**3,030.53**	**-**	**2,705.80**

Fair Value Hierarchy

₹ in Lacs

	31 March 2018			31 March 2017		
Financial assets and liabilities measured at fair value	Level			Level		
	I	II	III	I	II	III
Financial assets						
Non recurring fair value measurement						
Trade Receivables	-	-	4,131.01	-	-	3,691.19
Other Non-Current Financial Assets	-	-	1.21	-	-	1.25
Cash and cash equivalents	-	-	1,023.05	-	-	260.45
Total Financial Assets	**-**	**-**	**5,155.27**	**-**	**-**	**3,952.89**
Financial Liabilities						
Borrowings	-	-	100.59	-	-	104.17
Other Current Financial Liabilities	-	-	823.05	-	-	784.02
Trade Payables	-	-	2,106.89	-	-	1,817.61
Total Financial Liabilities	**-**	**-**	**3,030.53**	**-**	**-**	**2,705.80**

Level 1 - The hierarchy in level 1 includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

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

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Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, etc. included in level 3.

A. Financial risk management

Company has exposure to following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

i. Risk management framework

Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Management is responsible for developing and monitoring the Company's risk management policies, under the guidance of Audit Committee.

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

Company's 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.

ii. Credit risk

Company's credit risk is minimal. The trade receivables arise mainly from transactions with its approved customers. The maximum exposure to credit on these transactions is equal to the carrying amount of these financial instruments. Customers are subject to stringent financial, credit and legal verification process. In addition, trade receivable balances are monitored on an ongoing basis to ensure timely collections. Accordingly, the Company's exposure to bad debts is not significant.

With respect to credit risk arising from other financial assets of the Company, which comprise cash in banks and receivables (except for advances to suppliers), the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Company limits its exposure to credit risks by depositing its cash only with financial institutions duly evaluated and approved by the Board of Directors. The Company's receivables is minimal since no default payments were made by the counterparties. An impairment analysis is performed at each reporting date on an individual basis for major clients.

iii. Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet

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its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. Presently the Company has existing long-term loans that fund capital expenditures. Working capital requirements are adequately addressed by internally generated funds. Trade receivables are kept within manageable levels.

iv. **Market risk**

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments. Company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. All transactions are carried out within the guidelines set by the risk management committee.

The sensitivity analysis have been prepared on the basis of derivatives and the proportion of financial instruments in foreign currencies are all constant. The analysis excludes the impact of movements in market variables on the carrying value of postemployment benefit obligations, provisions and on the non-financial assets and liabilities. The sensitivity of the relevant income statement item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of 31 March 2018 and 31 March 2017.

a) Currency risk

The Company's foreign exchange risk results primarily from movements of the Philippine peso against the US dollar with respect to US dollar denominated financial assets and liabilities.

The Company's transactional currency exposures arise from its inventories which is 100% purchases from Holding Company in US dollar. In addition, 13% as at 31 March 2018 and 21% as at 31 March 2017 of the Company's debt are denominated in US dollar. The Company periodically reviews the trend of the foreign exchange rates and, as a practical move, increases its US dollar denominated time deposits in times when the Philippine peso is depreciating or decreases its US dollar denominated time deposits in times when the Philippine peso is appreciating.

The following table analyses foreign currency risk as of 31 March 2018 and 31 March 2017:

₹ in Lacs

Particulars	31 March 2018	31 March 2017
Financial Assets		-
Trade Payables	(2,106.89)	(1,817.61)
Borrowings & Other Financial Liabilities	(23.30)	(26.84)
Net Assets / (Liabilities)	(2,130.19)	(1,844.45)

For the year ended 31 March 2018 and 31 March 2017, every percentage point depreciation / appreciation in the exchange rate between the PHP and respective currencies has affected the Company's incremental profit before tax as per below:

Year	Change in currency exchange rate	Effect on profit before tax (₹ in Lacs)
31 March 2018	+5% / (-5%)	106.51 / (106.51)
31 March 2017	+5% / (-5%)	92.22 / (92.22)

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Notes to the Financial Statements for the year ended 31 March 2018

31. **Note on foreign currency exposures on assets and liabilities:**

During the year, the Company has not entered into Forward Exchange Contract. The year-end foreign currency exposures that have not been mitigated by a derivative instrument or otherwise are as below:

Particulars	₹ in Lacs	₹ in Lacs	Foreign Currency Amt in Lacs	Foreign Currency Amt in Lacs	Foreign Currency
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	
Amount Payable	2,130.19	1,844.45	32.82	28.59	USD

b) Interest rate risk

The Company's exposure to changes in interest rates relates primarily to the Company's long-term debt obligations. Fixed rate financial instruments are subject to fair value interest rate risk. The following table demonstrates the sensitivity analysis to a reasonably possible change in interest rates, with all other variable held constant, of the Company's profit before income tax. The estimates are based on the outstanding interest bearing liabilities of the Company with floating interest rate as at 31 March 2018 and 31 March 2017. ₹ in Lacs

Year	Change in interest rate	Effect on profit before tax
31 March 2018	+1% / (-1%)	1.79 / (1.79)
31 March 2017	+1% / (-1%)	1.28 / (1.28)

c) Price risk

Company does not have any exposure to price risk, as there is no equity investments.

32. **Disclosure for operating leases under Ind AS 17 - "Leases":**

The Company have taken a premise under operating lease. The lease is for a period of one year and renewable every year upon mutual consent of the parties. There are no contingent rents. The lease payments of ₹ 18.42 Lacs (Previous Year ₹ 19.86 Lacs) are recognised in Statement of Profit and Loss under "Rent" under Note 24.

The Company leases transportation equipment under a number of finance lease agreements for a term of 5 years. Transportation equipment under finance lease arrangements, shown as part of "Property, Plant and Equipment" account in the statements of financial position. The aggregate future minimum payments under finance leases are as under:

Particulars	31 March 2018 ₹ in Lacs	31 March 2017 ₹ in Lacs
Not later than one year	78.61	23.66
Later than one year but not later than five years	100.59	104.17
Less than five years	Nil	Nil

33. **Contingent Liabilities and commitments:**

There are no contingent liabilities and commitments by the Company.

34. Related party disclosure as required by Ind AS 24 are given below:

A) Relationships:

Category I - Holding Company & Fellow Subsidiary

Ajanta Pharma Ltd., India (Holding Company)

Category II - Directors, Key Management Personnel & their Relatives:

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Ajanta Pharma Philippines Inc.

Notes to the Financial Statements for the year ended 31 March 2018

Sam Gioskos Director (APPI)

& Relatives of Key Management Personnel

B) Following transactions were carried out with related parties:

Sr. No.	Particulars	Category	31 March 2018 ₹ in Lacs	31 March 2017 ₹ in Lacs
1.	**Purchase of Goods:**			
	Ajanta Pharma Ltd., India	I	7,039.28	6,796.34
2.	**Key Management Compensation:**			
	Short Term Employee Benefits			
	Sam Gioskos	II	59.03	59.29
3.	**Dividend Paid to Ajanta Pharma Ltd., India**	I	620.43	664.42

C) Amount outstanding as on 31 March 2018

Sr. No.	Particulars	Category	31 March 2018 ₹ in Lacs	31 March 2017 ₹ in Lacs
1.	**Trade Payable :**			
	Ajanta Pharma Ltd., India	I	2,106.89	1,817.61

35. **Remuneration to Auditors :**

Particulars	31 March 2018 ₹ in Lacs	31 March 2017 ₹ in Lacs
Audit Fees	1.51	1.57

36. The Company has one segment of activity namely "Pharmaceuticals".

In terms of our report attached

For G. R. Modi & Co.
Chartered Accountants
(ICAI FRN : 112617W)

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Swapnil Modi
Partner

For and on behalf of Board of Directors of Ajanta Pharma Philippines Inc.

Rajesh M. Agrawal
Director

Mumbai, 24 April 2018

G. R. MODI & CO.
Chartered Accountants

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Independent Auditor's Report
To the Members of AJANTA PHARMA USA INC.

Report on the Standalone Financial Statements
The accounts of AJANTA PHARMA USA INC. are certified by the Management under the local laws of the country for the period 1st Jan 2017 to 31st December 2017. The company follows the period 1st April 2017 to 31st March 2018. In order to consolidate the accounts of AJANTA PHARMA USA INC. With that of the company, we have been appointed by the management of the company to audit the reinstated accounts of AJANTA PHARMA USA INC. for the period 1st April 2017 to 31st March 2018 under the companies Act in accordance with generally accepted accounting principles in India (Ind AS).

We have audited the accompanying standalone Ind AS financial statements of AJANTA PHARMA USA INC. ("the Company") comprising of the Standalone Balance Sheet as at 31st March 2018, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Cash Flow Statement, the Standalone Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS financial statements") prepared in accordance with group accounting policies followed by Ajanta. These Consolidated/Standalone financial statements have been prepared solely to enable Ajanta to prepare its consolidated financial statements.

Management's Responsibility for the Standalone Ind AS Financial Statements
The Company's Board of Directors is responsible for the preparation and presentation of the standalone Ind AS financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the standalone state of affairs (financial position), standalone profit (financial performance including other comprehensive income), standalone cash flows and standalone statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder. The respective Board of Directors of the companies are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the standalone Ind AS financial statements by the Directors of the Company, as aforesaid.

G. R. MODI & CO. Chartered Accountants M. NO. 107574

The Consolidated/Standalone financial statements has been prepared by the Management on the basis of instructions received in this regard from Ajanta solely for the use by Ajanta in preparation of its Consolidated Financial Statements in accordance with the group accounting policies followed by Ajanta.

Auditor's Responsibility

Our responsibility is to express an opinion on the standalone Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the standalone state of affairs (Financial position) of the Company as at 31st March 2018, and the standalone profit (financial performance including other comprehensive income) of the Company, the standalone cash flows and the standalone changes in equity of the Company for the year ended on that date

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:

a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid standalone financial statements.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid standalone Ind AS financial statements have been kept so far as it appears from our examination of those books.

c) the Standalone Balance Sheet, the Standalone Statement of Profit and Loss, the Standalone Cash Flow Statement and the standalone statement of changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the standalone Ind AS financial statements.

d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder;

e) on the basis of the written representations received from the directors of the Company as on 31st March 2018 taken on record by the Board of Directors of the Company, none of the directors of the company is disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

f) the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls are adequate in accordance to the size and operations of the company,

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

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company has not entered into any long-term contracts including derivative contracts, requiring provision under the applicable law or accounting standards, for material foreseeable losses; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

for **G.R.Modi & Co**
Chartered Accountants
Firm's registration number: 112617W

CA Swapnil Modi
Partner
Membership number: 107574
Mumbai
24th April 2018

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Ajanta Pharma USA Inc.

Notes to the Financial Statements as on 31 March 2018

1. **Corporate Information**

   Ajanta Pharma USA Inc. is a limited liability company incorporated and domiciled in United States of America and is a wholly owned subsidiary of Ajanta Pharma Ltd., India. The address of its registered office is located at 440, US Highway, 22, East Bridgewater, New Jersey 08807, USA.

   Company is primarily involved in the business of pharmaceutical and related activities.

   The Financial Statement for the Company were authorised for issue by the Company's Board of Directors on 24 April, 2018.

2. **Basis of preparation**

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

   The financial statements have been prepared on an accrual basis and under the historical cost basis, which have been measured at fair value or revalued amount wherever applicable.

3. **Functional and Presentation Currency:**

   Functional currency of the Company is US Dollars (USD). The financial statement is prepared & presented in Indian Rupees (INR) as it is the functional currency of the Holding Company.

4. **Rounding of Amounts**

   All amounts disclosed in the financial statements and notes have been rounded off to the nearest lacs.

5. **Current versus non-current classification:**

   The assets and liabilities in the balance sheet are presented based on current/non-current classification.

   An asset is current when it is:

   - Expected to be realised or intended to be sold or consumed in normal operating cycle, or
   - Held primarily for the purpose of trading, or
   - Expected to be realised within twelve months after the reporting period, or
   - Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

   All other assets are classified as non-current.

   A liability is current when it is:

   - Expected to be settled in normal operating cycle, or
   - Held primarily for the purpose of trading, or
   - Due to be settled within twelve months after the reporting period, or
   - There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

   All other liabilities are treated as non-current.

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

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Operating Cycle

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

6. Significant Accounting Policies

6.1 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Depreciation is calculated on a straight-line basis to write off the cost of assets, to their residual values over their estimated useful life as follows:

Particulars	Useful Life
Building	20 to 30 years
Furniture, Fixtures & Fittings	5 years

The asset's residual values and useful lives are reviewed and adjusted if appropriate, at each end of reporting period. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in the statement of profit or loss.

6.2 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Classification

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 flows characteristics of the financial asset.

Initial recognition and measurement

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

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in two broad categories:

- Financial assets at fair value (FVTPL / FVTOCI)
- Financial assets at amortised cost

When assets are measured at fair value, gains and losses are either recognised in the statement of profit and loss (i.e. fair value through profit

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or loss (FVTPL)), or recognised in other comprehensive income (i.e. fair value through other comprehensive income (FVTOCI)).

Financial Assets measured at amortised cost (net of any write down for impairment, if any)
Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment, if any. The losses arising from impairment are recognised in the Statement of profit and loss.

Financial Assets measured at Fair Value Through Other Comprehensive Income ("FVTOCI")
Financial assets under this category are measured initially as well as at each reporting date at fair value, when asset is held within a business model, whose objective is to hold assets for both collecting contractual cash flows and selling financial assets. Fair value movements are recognized in the other comprehensive income.

Financial Assets measured at Fair Value Through Profit or Loss ("FVTPL"):
Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in profit or loss.

Investment in Equity Instruments
Equity instruments which are held for trading are classified as at FVTPL. All other equity instruments are classified as FVTOCI. Fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income. There is no recycling of the amounts from other comprehensive income to profit or loss.

Investment in Debt Instruments
A debt instrument is measured at amortised cost or at FVTOCI. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of profit and loss.

Derecognition of Financial Assets
A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or Company has transferred its rights to receive cash flows from the asset.

Impairment of Financial Assets
In accordance with Ind - AS 109, Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are debt instruments and trade receivables.

Financial Liabilities
Classification

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Company classifies all financial liabilities as subsequently measured at amortised cost or FVTPL.

Initial recognition and measurement

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

Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

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. Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through EIR amortisation process. 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.

Derecognition of Financial Liabilities

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.

Derivative Financial Instrument

The Company uses derivative financial instruments, such as forward currency contracts to mitigate its foreign currency 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.

6.3 Inventories

Finished products including traded goods are valued at lower of cost and net realisable value. Cost is arrived at on moving weighted average basis. The cost of Inventories have been computed to include all cost of purchases, cost of conversion, appropriate share of fixed production overheads based on normal capacity and other related cost incurred in bringing the inventories to their present condition.

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

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Slow and non-moving, obsolesces, defective inventory are fully provided for and valued at net realisable value. Goods in transit are valued at actual cost incurred up to the date of balance sheet.

6.4 Cash And Cash Equivalent

Cash and Cash Equivalents comprise of cash on hand and cash at bank including fixed deposit/highly liquid investments with original maturity period of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

6.5 Cash Flow Statements

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flow from operating, investing and financing activities of the Company are segregated.

6.6 Foreign Currency Transactions

Revenue Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.

Monetary items denominated in foreign currencies at the year-end are re-measured at the exchange rate prevailing on the balance sheet date. Non-monetary foreign currency items are carried at cost.

Any income or expense on account of exchange difference either on settlement or on restatement is recognised in the Statement of Profit and Loss.

6.7 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are inclusive of excise duty, excluding Goods and Service Tax (GST), sales tax or value added taxes or service taxes or duties collected on behalf of the government, and net of returns, trade discount/allowances, rebates, and amounts collected on behalf of third parties.

Revenue from sale of goods is recognised, when all significant risks and rewards are transferred to the buyer, as per the terms of contracts and no significant uncertainty exists regarding amount of the consideration that will be derived from the sale of goods.

Dividend income is recognised when right to receive dividend is established. Interest income is recognised on time proportion basis. Insurance and other claims are recognised as a revenue on certainty of receipt on prudent basis.

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6.8 Employee Benefits

Short-term Benefits - The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Company to its employees include salaries and wages, social security contributions, Medicare contributions, and other non-monetary benefits.

Post-Employment Benefits - The Company provides a 401(k) retirement program for full-time employees who are 21 years of age or older. Eligible employees are entitled to participate in the company offered plan with an option to contribute up the maximum 3% of annual base salary. For employees with an annual base salary above the annual compensation limits, as determined by the Federal Internal Revenue Service (Federal), the annual APUI contribution will be capped at 3% of the Federal allowed annual compensation limits. All contributions are 100% vested immediately to the employee.

Share-based compensation
Company has no share based compensation plan.

6.9 Borrowing Costs

Borrowing costs comprise of other bank charges. Borrowing costs incurred in connection with the construction or production of a qualifying asset are capitalized as part of the cost of the asset constructed. All other borrowing costs are recognized in statements of profit & loss under finance cost.

6.10 Lease

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by lessor are classified as operating leases. Leases rentals are charged to the statement of profit and loss on straight line basis.

6.11 Earnings Per Share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

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6.12 Income Taxes

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. The current income tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the end of reporting period and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

6.13 Dividends to Shareholders

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable is recognised directly in equity.

6.14 Provisions, Contingent Liabilities, Contingent Assets and Commitments

General

Provisions are recognized when: (a) the Company has a present obligation (legal or constructive) as a result of past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and those risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimates is possible;
- a possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent liabilities are not recognised in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets and Non-cancellable operating lease.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

Asset Retirement Obligation

Asset retirement obligations (ARO) are provided for those operating lease arrangements where the Company has a binding obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease. ARO are provided at the present value of expected costs to settle the obligation using discounted cash flows and are recognised as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is recognised in the income statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

6.15 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date in accordance with Ind AS 113.

Financials Statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value received from Bank.
- Mutual Funds are measured at fair values as per Net Asset Value (NAV).
- Employee Stock Option Plan (ESOP) at fair values as per Actuarial Valuation Report.

Fair value is the price that would be received to sell an asset or settle a liability in an ordinary transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the

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asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

6.16 Recent accounting pronouncements

Standards issued but not yet effective

The Ministry of Corporate Affairs in March 2018 has re-notified Ind AS 115, Revenue from Contracts with Customers. Earlier, this Standard was omitted and two other standards, Ind AS 11, Construction Contracts and Ind AS 18, Revenue had been notified in its place. Now, after re-notification of Ind AS 115, Ind AS 11 and Ind AS 18 would be redundant. Ind AS 115 deals with recognition of revenue arising from sale of goods, rendering of services, interest, royalties and construction contracts. It is a converged form of IFRS 15, Revenue from Contracts with Customers. Ind AS 115 shall be applied from financial years beginning on or after 1st April, 2018.

These amendments are not expected to have any impact on the Company.

6.17 Critical accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in

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outcomes that require a material adjustment to the carrying amount of the assets or liabilities in future periods.

(a) Arrangement containing lease
At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease. At the inception or on reassessment of an arrangement that contains a lease, Company separates payments and other consideration required by the arrangement into those for the lease and those for the other elements on the basis of their relative fair values.

The Company has determined, based on an evaluation of the terms and conditions of the arrangements that such contracts are in the nature of operating leases.

(b) Multiple element contracts with vendors
The Company has entered into multiple element contracts with vendors for supply of goods and rendering of services. The consideration paid is/may be determined independent of the value of supplies received and services availed. Accordingly, the supplies and services are accounted for based on their relative fair values to the overall consideration. The supplies with finite life under the contracts (as defined in the significant accounting policies) have been accounted under Property, Plant and Equipment and/or as Intangible assets, since the Company has economic ownership in these assets. Company believes that the current treatment represents the substance of the arrangement.

(c) Property, Plant and equipment
Determination of the estimated useful life of tangible assets and the assessment as to which components of the cost may be capitalized. Useful life of tangible assets is based on the life of useful lives/rates prescribed by the GAAPs of the respective countries. Assumptions also need to be made, when the Company assesses, whether an asset may be capitalised and which components of the cost of the asset may be capitalised.

(d) Intangible Assets
Internal technical or user team assess the remaining useful lives of Intangible assets. Management believes that assigned useful lives are reasonable.

(e) Recognition and measurement of defined benefit obligations
The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at the end of the reporting period on the government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

(f) Recognition of deferred tax assets and income tax
Deferred tax asset is recognised for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The

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management assumes that taxable profits will be available while recognising deferred tax assets.

Management judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the financial statements.

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective country.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, future tax planning strategies and recent business performances and developments.

(g) Recognition and measurement of other provisions

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may, therefore, vary from the figure included in other provisions.

(h) Contingencies

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

(i) Allowance for uncollected accounts receivable and advances

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management seems them not collectible. Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

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The impairment provisions for financial assets are based on assumption about risk of default and expected loss rates. Judgement in making these assumption and selecting the inputs to the impairment calculation are based on past history, existing market condition as well as forward looking estimates at the end of each reporting period.

(j) Insurance claims

Insurance claims are recognised when the Company have reasonable certainty of recovery.

(k) Impairment reviews

An impairment exists when the carrying value of an asset or cash generating unit ('CGU') exceeds its recoverable amount. Recoverable amount is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. In calculating the value in use, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of growth in EBITDA, long term growth rates; and the selection of discount rates to reflect the risks involved.

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Ajanta Pharma USA Inc

Balance Sheet as at 31 March 2018

			Note No	31-Mar-18 Rs. in Lacs	31-Mar-17 Rs. in Lacs
		Assets			
(1)		**Non-Current Assets**			
	(a)	Property, Plant and Equipment	4	401.33	390.81
		Total Non-Current Assets		401.33	390.81
(2)		**Current Assets**			
	(a)	Inventories	5	7,752.24	6,795.04
	(b)	Financial Assets			
		(i) Trade Receivables	6	11,474.89	6,922.71
		(ii) Cash and cash equivalents	7	983.30	2,912.39
	(c)	Other current assets	8	366.04	149.67
		Total Current Assets		20,576.47	16,779.82
		Total Assets		20,977.80	17,170.63
		Equity And Liabilities			
		Equity			
	(a)	Equity Share Capital	9	606.89	606.89
	(b)	Other Equity	10	915.96	435.43
		Total Equity		1,522.85	1,042.32
		Liabilities			
(2)		**Current Liabilities**			
	(a)	Financial Liabilities			
		(i) Trade Payables	11	17,418.04	12,993.84
	(b)	Other current liabilities	12	860.96	3,003.55
	(c)	Current Provisions	13	1,175.95	130.92
		Total Current Liabilities		19,454.95	16,128.31
		Total Equity and Liabilities		20,977.80	17,170.63

See accompanying notes forming part of the financial statements

In terms of our report attached
For G. R. Modi & Co.
Chartered Accountants
(ICAI FRN : 112617W)

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Swapnil Modi
Partner
Mumbai, 24 April, 2018

For and on behalf of Board of Directors
of Ajanta Pharma USA Inc.

Yogesh M. Agrawal
Director

Ajanta Pharma USA Inc

Statement of Profit and Loss Account for the year ended 31 March 2018

	Note No	31-Mar-18 Rs. in Lacs	31-Mar-17 Rs. in Lacs
Income :			
Revenue from operations	14	18,716.97	16,818.49
Other Income		-	-
Total Income		**18,716.97**	**16,818.49**
Expenses :			
Cost of Materials Consumed	-	-	-
Purchase of Stock-in-Trade	15	15,543.26	17,962.14
Changes in inventories of Finished Goods/Work-in-Progress/Stock-in-Trade	16	(957.20)	(5,271.76)
Employee Benefits Expenses	17	1,634.20	896.01
Finance Costs	18	82.67	-
Depreciation & Amortisation Expense	19	33.35	15.80
Other Expenses	20	1,588.82	1,619.11
Total Expenses		**17,925.11**	**15,221.30**
Profit Before Tax		**791.86**	**1,597.19**
Tax Expense:			
Current Tax		279.40	1,083.33
Deffered Tax		-	(415.56)
Profit For The Year		**512.45**	**929.41**
Other Comprehensive Income / (Loss)			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(31.92)	73.64
Income tax relating to items that will be reclassified to profit or loss		-	-
Net other Comprehensive Income / (Loss) to be reclassified subsequently to profit or loss		(31.92)	73.64
Other Comprehensive Income / (Loss) for the year, net of tax		(31.92)	73.64
Total Comprehensive Income / (Loss) for the year		480.53	1,003.05
Earning Per Equity Share (Basic & Diluted) (Face Value USD 100/-)	22	5,124.54	9,294.13

See accompanying notes forming part of the financial statements

In terms of our report attached

For G. R. Modi & Co.
Chartered Accountants
(ICAI FRN : 112617W)

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Swapnil Modi
Partner
Mumbai, 24 April, 2018

For and on behalf of Board of Directors
of Ajanta Pharma USA Inc.

Yogesh M. Agrawal
Director

Ajanta Pharma USA Inc.

Statement of Cashflows for the year ended 31 March 2018

			(₹ in Lacs)
		31 March 2018	31 March 2017
A.	**Cash Flow from Operating Activities**		
	Profit before Tax	791.86	1,597.19
	Adjustment for :		
	Depreciation and Amortisation Expense	33.35	15.80
	Finance Costs	82.67	-
	Provision for Expired Goods	1,045.03	130.92
	Exchange Fluctuation	(31.92)	73.64
	Operating Cashflows before Working Capital Changes	**1,920.99**	**1,817.55**
	Changes in Working Capital :		
	Decrease (Increase) in Trade Receivable	(4,552.18)	(6,467.24)
	Decrease (Increase) in Other Current Assets	(216.37)	152.03
	Decrease (Increase) in Inventories	(957.20)	(5,271.76)
	Increase (Decrease) in Other Current Liabilities	(423.48)	1,116.63
	Increase (Decrease) in Trade Payables	4,424.19	11,502.53
	Cash Generated from Operations	**195.96**	**2,849.74**
	Net Income tax paid	(279.40)	(252.22)
	Net Cash flow Generated from Operating Activities	**(83.44)**	**2,597.52**
B.	**Cash Flow from Investing Activities**		
	Capital Expenditure on Property, Plant and Equipment including Capital Advances	(43.87)	8.64
	Net Cash used in Investing Activities	**(43.87)**	**8.64**
C.	**Cash Flow from Financing Activities**		
	Repayment of Non Current Borrowings	(1,719.11)	(37.24)
	Interest Paid	(82.67)	-
	Net Cash used in Financing Activities	**(1,801.78)**	**(37.24)**
	Net Increase / (Decrease) in Cash and Cash Equivalents	**(1,929.10)**	**2,568.92**
	Cash and Cash Equivalents as at the Beginning of the Year	2,912.39	343.48
	Cash and Cash Equivalents as at the End of the Year	983.30	2,912.39

Figures in brackets indicates outflow.

Note :

1. The above Cash Flow Statement has been prepared under 'Indirect Method' as set out in Accounting Standard 7 (Ind AS - 7) "Statement of Cash Flow".
2. Cash comprises cash on hand, current accounts and deposits with banks. Cash equivalents are sholrt-term balances (with an original maturity of three months or less from the date of acquisition).

See accompanying notes forming part of the financial statements.

In terms of our report attached

For G. R. Modi & Co.
Chartered Accountants
(ICAI FRN : 112617W)

Swapnil Modi
Partner
Mumbai, 24 April, 2018

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

For and on behalf of Board of Directors of
Ajanta Pharma USA Inc.

Yogesh M. Agrawal
Director

Ajanta Pharma USA Inc.

Statement of Changes in Equity for the year ended 31 March 2018

A. Equity Share Capital

₹ in Lacs

	Balance as at 1 April 2017	Changes in equity share capital during the year	Balance as at 31 March 2018
Authorised :	606.89	-	606.89
Issued :	606.89	-	606.89
Subscribed & Paid up:	606.89	-	606.89

B. Other Equity

Particulars	Capital Redemption Reserve	Securities Premium Account	General Reserve	Share Based Payment Reserve	Retained Earnings	Foreign Currency Translation Reserve	Other items of other comprehensive income	Total	Non-Controlling Interests	Total Equity
As at 1 April 2016	-	-	(950.67)	-	-	(32.51)	-	(983.18)	-	(983.18)
Profit for the period	-	-	-	-	929.41	-	-	929.41	-	929.41
Other comprehensive income	-	-	-	-		73.64	-	73.64	-	73.64
Total comprehensive income	-	-	-	-	929.41	73.64	-	1,003.05	-	1,003.05
Transfer to General reserve	-	-	-	-	-	-	-	-		-
Deferred Tax impact on opening carry forward loss	-	-	-	-	415.56	-	-	415.56	-	415.56
Dividend Paid	-	-	-	-	-	-	-	-		-
At 31 March 2017	-	-	(950.67)	-	1,344.97	41.13	-	435.43	-	435.43
Profit for the period					512.45			512.45	-	512.45
Other comprehensive income	-	-	-	-	-	(31.92)	-	(31.92)		(31.92)
Total comprehensive income	-	-	-	-	512.45	(31.92)	-	480.53	-	480.53
Dividend Paid	-	-	-	-	-	-	-	-	-	-
At 31 March 2018	-	-	(950.67)	-	1,857.42	9.20	-	915.96	-	915.96

See accompanying notes forming part of the financial statements

In terms of our report attached

For G. R. Modi & Co.

Chartered Accountants

(ICAI FRN : 112617W)

G. R. MODI & CO. Chartered Accountants M. NO. 107574

Swapnil Modi

Partner

Mumbai, 24 April, 2018

For and on behalf of Board of Directors of Ajanta Pharma USA Inc.

Yogesh M. Agrawal

Director

Ajanta Pharma USA Inc

Notes to Financial Statement for the year ended 31 March 2018

4 Property, Plant and Equipment

4.1 Current Year

(₹ Lacs)

Particulars	Gross Block (Cost or Deemed cost)					Accumulated Depreciation/Amortisation					Net Block
	As at 01.04.2017	Additions	Disposals	Exchange Difference	As at 31.03.2018	As at 01.04.2017	For the Year	Disposals	Exchange Difference	As at 31.03.2018	As at 31.03.2018
Property, Plant and Equipment											
Freehold Land	166.35	-	-	-	166.35	-	-	-	-	-	166.35
Buildings	235.07	-	-	-	235.07	27.36	8.57	-	-	35.93	199.15
Furniture & fixture	36.75	43.87	-	-	80.62	20.00	24.78	-	-	44.79	35.83
Total Property, Plant and Equipment	**438.17**	**43.87**	**-**	**-**	**482.04**	**47.36**	**33.35**	**-**	**-**	**80.72**	**401.33**

4.2 Previous Year

Particulars	Gross Block (Cost or Deemed cost)					Accumulated Depreciation/Amortisation					Net Block
	As at 01.04.2016	Additions	Disposals	Exchange Difference	As at 31.03.2017	As at 01.04.2016	For the Year	Disposals	Exchange Difference	As at 31.03.2017	As at 31.03.2017
Property, Plant and Equipment											
Freehold Land	169.96	-	-	3.60	166.35	-	-	-	-	-	166.35
Buildings	240.17	-	-	5.09	235.07	18.61	9.25	-	0.49	27.36	207.72
Furniture & fixture	37.54	-	-	0.80	36.75	13.81	6.56	-	0.36	20.00	16.74
Total Property, Plant and Equipment	**447.67**	**-**	**-**	**9.49**	**438.17**	**32.42**	**15.80**	**-**	**0.86**	**47.36**	**390.81**

G. R. MODI & CO. * M. NO. 107574 Chartered Accountants *

Ajanta Pharma USA Inc

Notes to Financial Statement for the year ended 31 March 2018

			31-Mar-18	31-Mar-17
			Rs. in Lacs	Rs. in Lacs
5	Inventories			
	Stock-in-Trade		7,752.24	6,795.04
			7,752.24	6,795.04
6	Trade Receivables			
	Unsecured			
	-Considered good		11,474.89	6,922.71
			11,474.89	6,922.71
7	Cash and cash equivalents			
	Cash and Cash Equivalents			
	Balance with Banks - In Current Accounts		983.30	2,912.39
			983.30	2,912.39
8	Other Current Assets			
	Advance to Related Parties		72.18	-
	Prepaid Expense		293.40	149.53
	Advances to Employees		0.46	0.14
			366.04	149.67

G. R. MODI & CO.
M. NO. 107574
Chartered Accountants

Ajanta Pharma USA Inc

Notes to Financial Statement for the year ended 31 March 2018

9 Equity Share Capital

	31-Mar-18		31-Mar-17	
	No. of Shares	Rs. in Lacs	No. of Shares	Rs. in Lacs
Authorised :				
Common Stocks of USD 100 each	10,000	606.89	10,000	606.89
Issued, Subscribed & Paid up :				
Common Stocks of USD 100 each fully Paid up	10,000	606.89	10,000	606.89

(a) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year :

	31st March 2018		31st March 2017	
	No. of Shares	Rs. Lacs	No. of Shares	Rs. Lacs
Number of shares outstanding as at the beginning of the year	10,000	606.89	10,000	606.89
Add : Number of shares allotted as fully paid-up during the year	-	-	-	-
Less: Number of shares bought back during the year	-	-	-	-
Number of shares outstanding as at the end of the year	**10,000**	**606.89**	**10,000**	**606.89**

(b) Rights, preferences and restrictions attached to shares

The company has issued only one class of equity shares with voting rights having a par value of USD 100 per share.

The company have not declared any dividend.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company.

The distribution will be in proportion to the numbers of equity shares held by shareholders.

(c) Details of Equity Shares held by each shareholders holding more than 5%

Name of Shareholder	31st March 2018		31st March 2017	
	No. of Shares	% holding	No. of Shares	% holding
Ajanta Pharma Ltd., India	10,000	100.00	10,000	100.00
(d) Shares reserved for issue under options	Nil	Nil	Nil	Nil

10 OTHER EQUITY

	31-Mar-18	31-Mar-17
General Reserve		
Balance at the beginning of the year	(950.67)	(950.67)
Add : Transferred from Statement of Profit & Loss	-	-
	(950.67)	**(950.67)**
Exchange Fluctuation Reserve	**9.20**	**41.13**
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	1,344.97	-
Profit for the year	512.45	1,344.97
Balance at the year end	**1,857.42**	**1,344.97**
Total Other Equity	**915.96**	**435.43**

G. R. MODI & CO. Chartered Accountants M. NO. 107574

Ajanta Pharma USA Inc

Notes to Financial Statement for the year ended 31 March 2018

			31-Mar-18 Rs. in Lacs	31-Mar-17 Rs. in Lacs
11	**Trade Payables**			
	Trade Payables to Related Party		17,418.04	12,993.84
			17,418.04	12,993.84
12	**Other Current Liabilities**			
	Others payables		860.96	1,284.44
	Payable to related party (APML)		-	1,719.11
			860.96	3,003.55
13	**Current Provisions**			
	Sales Returns for expired goods (Refer note 26)		1,175.95	130.92
			1,175.95	130.92
14	**Revenue from Operations**			
	Sale of Products			
	Stock-in-Trade		18,716.97	16,818.49
			18,716.97	16,818.49
15	**Purchases of Traded Goods**		15,543.26	17,962.14
16	**Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade**			
	Inventories at the end of the year :			
	Stock-in-trade		7,752.24	6,795.04
		(A)	7,752.24	6,795.04
	Inventories at the beginning of the year :			
	Stock-in-trade		6,795.04	1,523.28
		(B)	6,795.04	1,523.28
	Total changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade :			
	Work-in-Process		(957.20)	(5,271.76)
	Total changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	(B) - (A)	(957.20)	(5,271.76)
17	**Empolyee Benefit Expenses**			
	Salaries, Wages, Bonus and Allowances		1,406.51	827.93
	Staff Welfare Expenses		227.70	68.08
			1,634.20	896.01
18	**Finance Cost**			
	Interest expenses		82.67	-
			82.67	-
19	**Depreciation**			
	Depreciation of Tangible Assets (Refer note 4)		33.35	15.80
			33.35	15.80
20	**Other Expenses**			
	Selling Expenses		401.25	204.72
	Clearing and Forwarding		936.14	996.06
	Travelling Expenses		103.56	79.07
	Consumption of Stores & Spare Parts		(259.60)	261.76
	Power and Fuel		2.57	0.50
	Rent		58.52	9.57
	Legal and Professional Fees		122.99	34.84
	Telephone, Telex & Postage		27.46	7.52
	Repairs to Others		15.27	0.46
	Insurance		144.13	1.38
	Miscellaneous Expenses		36.53	23.24
			1,588.82	1,619.11

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Ajanta Pharma USA Inc.

Notes to the Financial Statements for the year ended 31 March 2018

21. Capital Management

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 equity shareholders. The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. Company's target is to achieve a return on capital above 30%; in 2017-18 the return was 57% and in 2016-17 the return was 58%.

Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted 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 and short term investments. Adjusted equity comprises all components of equity.

Company's policy is to keep the ratio below 1.00 and its adjusted net debt to equity ratio at 31 March 2018 was as follows. **₹ in Lacs**

Particulars		31 March 2018	31 March 2017
Debt (Debt + Current Liabilities)		18,279.00	15,997.39
Less: Cash and Cash equivalents		983.30	2,912.39
Net Debt	A	17,295.70	13,085.00
Equity	B	1,522.85	1,042.32
Net Debt to Equity ratio	A/B	11.36	12.55

22. Earnings Per share (EPS):

The numerator and denominator used to calculate Basic and Diluted Earnings Per Share:

Particulars		31 March 2018	31 March 2017
Basic and Diluted Earnings Per Share:			
Profit attributable to Equity shareholders-for Basic EPS (₹ in Lacs)	A	512.45	929.41
Add: Dilutive effect on profit (₹ in Lacs)	B	Nil	Nil
Profit attributable to Equity shareholders for computing Diluted EPS (₹ in Lacs)	C=A-B	512.45	929.41
Weighted Average Number of Equity Shares outstanding - for Basic EPS	D	10,000	10,000
Add: Dilutive effect of option outstanding-Number of Equity Shares	E	Nil	Nil
Weighted Average Number of Equity Shares for Diluted EPS	F=D+E	10,000	10,000
Face Value per Equity Share (USD)		100	100
Basic Earnings Per Share (₹)	A/D	5,124.54	9,294.13
Diluted Earnings Per Shares (₹)	C/F	5,124.54	9,294.13

23. Employee Benefits

As required by Ind AS 19 'Employee Benefits', the Company offers its employees: Short-term employee benefits - These benefits include salaries and wages and other government contributions which are due immediately on payment and the same is

G.R. MODI & CO. M. NO. 107574 Chartered Accountants

deposited with Government authorities. The total consideration paid in 2017-18 was ₹ 1,634.20 Lacs (Previous Year ₹ 896.01 Lacs).

Retirement plan - The Company provides a 401(k) retirement program for full-time employees who are 21 years of age or older. Eligible employees are entitled to participate in the company offered plan with an option to contribute up the maximum 3% of annual base salary. For employees with an annual base salary above the annual compensation limits, as determined by the Federal Internal Revenue Service (Federal), the annual APUI contribution will be capped at 3% of the Federal allowed annual compensation limits. All contributions are 100% vested immediately to the employee.

24. Financial Instrument - fair values and risk management

Fair value measurements

₹ in Lacs

	31 March 2018		31 March 2017	
Financial Instruments by category	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial Assets				
Trade Receivables	-	11,474.89	-	6,791.79
Cash and cash equivalents	-	983.30	-	2,912.39
Total Financial Assets	**-**	**12,458.19**	**-**	**9,704.18**
Financial Liabilities				
Other Current Liabilities	-	860.96	-	3,003.55
Trade Payables	-	17,418.04	-	12,993.84
Total Financial Liabilities	**-**	**18,279.00**	**-**	**15,997.39**

Fair Value Hierarchy

₹ in Lacs

	31 March 2018			31 March 2017		
Financial assets and liabilities measured at fair value	Level			Level		
	I	II	III	I	II	III
Financial assets						
Non recurring fair value measurement						
Trade Receivables	-	-	11,474.89	-	-	6,791.79
Cash and cash equivalents	-	-	983.30	-	-	2,912.39
Total Financial Assets	-	-	12,458.19	-	-	9,704.18
Financial Liabilities						
Other Current Liabilities	-	-	860.96	-	-	3,003.55
Trade Payables	-	-	17,418.04	-	-	12,993.84
Total Financial Liabilities	-	-	18,279.00	-	-	15,997.39

Level 1 - The hierarchy in level 1 includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

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

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, etc. included in level 3.

A. Financial risk management

Company has exposure to following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

i. Risk management framework

Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Management is responsible for developing and monitoring the Company's risk management policies, under the guidance of Audit Committee.

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

Company's 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.

ii. Credit risk

Company's credit risk is minimal. The trade receivables arise mainly from transactions with its approved customers. The maximum exposure to credit on these transactions is equal to the carrying amount of these financial instruments. Customers are subject to stringent financial, credit and legal verification process. In addition, trade receivable balances are monitored on an ongoing basis to ensure timely collections. Accordingly, the Company's exposure to bad debts is not significant.

With respect to credit risk arising from other financial assets of the Company, which comprise cash in banks and receivables (except for advances to suppliers), the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Company limits its exposure to credit risks by depositing its cash only with financial institutions duly evaluated and approved by the Board of Directors. The Company's receivables is minimal since no default payments were made by the counterparties. An impairment analysis is performed at each reporting date on an individual basis for major clients.

iii. Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. Presently the Company has existing long-term loans that fund capital expenditures. Working capital requirements are adequately addressed by internally generated funds. Trade receivables are kept within manageable levels.

iv. **Market risk**

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments. Company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. All transactions are carried out within the guidelines set by the risk management committee.

The sensitivity analysis have been prepared on the basis of derivatives and the proportion of financial instruments in foreign currencies are all constant. The analysis excludes the impact of movements in market variables on the carrying value of postemployment benefit obligations, provisions and on the non-financial assets and liabilities. The sensitivity of the relevant income statement item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of 31 March 2018 and 31 March 2017.

a) **Currency risk**

The Company have no foreign exchange risk as their entire dealings are in their local functional currency i.e., US Dollars.

b) **Interest rate risk**

The Company have no borrowings and hence there is no interest rate risk.

c) **Price risk**

Company does not have any exposure to price risk, as there is no equity investments.

25. **Disclosure for operating leases under Ind AS 17 - "Leases":**

The Company have taken a premise under operating lease. The lease is for a period of one year and renewable every year upon mutual consent of the parties. There are no contingent rents. The lease payments of ₹ 58.52 Lacs (Pr. Yr. ₹ 9.57 Lacs) are recognised in Statement of Profit and Loss under "Rent" under Note 19.

26. **Provision of anticipated Sales Returns for Expired Goods - Ind AS 37**

Particulars	31 March 2018 ₹ in Lacs	31 March 2017 ₹ in Lacs
Balance at the beginning of the year	130.92	Nil
Add: Provisions made during the year	1,230.60	130.92
Less: Amount written back/utilized during the year	185.57	Nil
Balance at the end of the year	**1,175.95**	**130.92**

27. **Contingent Liabilities and commitments:**

There are no contingent liabilities and commitments by the Company.

28. Related party disclosure as required by Ind AS 24 are given below:

G. R. MODI & CO. Chartered Accountants M. NO. 107574

Ajanta Pharma USA Inc.

Notes to the Financial Statements for the year ended 31 March 2018

A) Relationships:

Category I - Holding Company & Fellow Subsidiary

Ajanta Pharma Ltd., India (Holding Company)
Ajanta Pharma (Mauritius) Ltd. (Fellow Subsidiary)

Category II - Directors, Key Management Personnel & their Relatives:

Dr. Ramesh Jhawar Director (APUI)
& Relatives of Key Management Personnel

B) Following transactions were carried out with related parties:

Sr. No.	Particulars	Category	31 March 2018 ₹ in Lacs	31 March 2017 ₹ in Lacs
1.	Purchase of Goods:			
	Ajanta Pharma Ltd., India	I	14,843.17	17,962.14
2.	Key Management Compensation:			
	Short Term Employee Benefits			
	Dr. Ramesh Jhawar	II	261.05	255.72
3.	Re-imbursement from Ajanta Pharma Ltd., India	I	1,572.72	1,533.89
4.	Advance paid to Ajanta Pharma (Mauritius) Ltd.	I	1,719.11	Nil
5.	Interest paid to Ajanta Pharma (Mauritius) Ltd.	I	82.67	Nil

C) Amount outstanding as on 31 March 2018

Sr. No.	Particulars	Category	31 March 2017 ₹ in Lacs	31 March 2016 ₹ in Lacs
1.	Trade Payable :			
	Ajanta Pharma Ltd., India	I	17,418.04	12,993.84
2.	Advance Payable :			
	Ajanta Pharma (Mauritius) Ltd.	I	Nil	1,719.11
3.	Other Receivable :			
	Ajanta Pharma Ltd., India	I	72.18	Nil

29. The Company has one segment of activity namely "Pharmaceuticals".

In terms of our report attached

For G. R. Modi & Co.
Chartered Accountants
(ICAI FRN : 112617W)

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Swapnil Modi
Partner

For and on behalf of Board of Directors of
Ajanta Pharma USA Inc.

Yogesh M. Agrawal
Director

Mumbai, 24 April 2018

G. R. MODI & CO.
Chartered Accountants

12, Laxminarayan Shopping Center,
1st Floor, Poddar Road, Malad (E),
Mumbai - 400097.
Tel No. 91-22-28884274 - 28819304
Fax No. 91-22-28819304.
Email : accounts@modiconsultancy.com

Independent Auditor's Report
To the Members of Ajanta Pharma Nigeria Ltd.

Report on the Standalone Financial Statements
The accounts of AJANTA PHARMA NIGERIA LTD. are being audited under the local laws of the country by the statutory auditor for the period 1st Jan 2017 to 31st December 2017. The company follows the period 1st April 2017 to 31st March 2018. In order to consolidate the accounts of AJANTA PHARMA NIGERIA LTD. With that of the company, we have been appointed by the management of the company to audit the reinstated accounts of AJANTA PHARMA NIGERIA LTD. for the period 1st April 2017 to 31st March 2018 under the companies Act in accordance with generally accepted accounting principles in India (Ind AS).

We have audited the accompanying standalone Ind AS financial statements of AJANTA PHARMA NIGERIA LIMITED ("the Company") comprising of the Standalone Balance Sheet as at 31st March 2018, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Cash Flow Statement, the Standalone Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS financial statements") prepared in accordance with group accounting policies followed by Ajanta. These Consolidated/Standalone financial statements have been prepared solely to enable Ajanta to prepare its consolidated financial statements.

Management's Responsibility for the Standalone Ind AS Financial Statements
The Company's Board of Directors is responsible for the preparation and presentation of the standalone Ind AS financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the standalone state of affairs (financial position), standalone profit (financial performance including other comprehensive income), standalone cash flows and standalone statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder. The respective Board of Directors of the companies are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the standalone Ind AS financial statements by the Directors of the Company, as aforesaid.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

c) the Standalone Balance Sheet, the Standalone Statement of Profit and Loss, the Standalone Cash Flow Statement and the standalone statement of changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the standalone Ind AS financial statements.

d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder;

e) on the basis of the written representations received from the directors of the Company as on 31st March 2018 taken on record by the Board of Directors of the Company, none of the directors of the company is disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

f) the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls are adequate in accordance to the size and operations of the company,

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

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company has not entered into any long-term contracts including derivative contracts, requiring provision under the applicable law or accounting standards, for material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

for **G.R.Modi & Co**
Chartered Accountants
Firm's registration number: 112617W

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

CA Swapnil Modi
Partner
Membership number: 107574
Mumbai
24th April 2018

The Consolidated/Standalone financial statements has been prepared by the Management on the basis of instructions received in this regard from Ajanta solely for the use by Ajanta in preparation of its Consolidated Financial Statements in accordance with the group accounting policies followed by Ajanta.

Auditor's Responsibility

Our responsibility is to express an opinion on the standalone Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the standalone state of affairs (Financial position) of the Company as at 31st March 2018, and the standalone profit (financial performance including other comprehensive income) of the Company, the standalone cash flows and the standalone changes in equity of the Company for the year ended on that date

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:

a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid standalone financial statements.

b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid standalone Ind AS financial statements have been kept so far as it appears from our examination of those books.

G. R. MODI & CO.
M. NO. 107574
Chartered Accountants

Ajanta Pharma Nigeria Ltd.

Notes to the Financial Statements as on 31 March 2018

1. Corporate Information

   Ajanta Pharma Nigeria Ltd. is a limited liability company incorporated and domiciled in Nigeria and is a wholly owned subsidiary of Ajanta Pharma Ltd., India. The address of its registered office is located at Block 6, House 6b, Howson Wright Estate, Oregun Road, Ojota, Lagos, Nigeria.

   The Company is primarily involved in the business of pharmaceutical and related activities.

   The Financial Statement for the Company were authorised for issue by the Company's Board of Directors on 24 April, 2018.

2. Basis of preparation

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

   The financial statements have been prepared on an accrual basis and under the historical cost basis, which have been measured at fair value or revalued amount wherever applicable.

3. Functional and Presentation Currency:

   Functional currency of the Company is Nigerian Niara (NN). The financial statement is prepared & presented in Indian Rupees (INR) as it is the functional currency of the Holding Company.

4. Rounding of Amounts

   All amounts disclosed in the financial statements and notes have been rounded off to the nearest lacs.

5. Current versus non-current classification:

   The assets and liabilities in the balance sheet are presented based on current/non-current classification.

   An asset is current when it is:

   - Expected to be realised or intended to be sold or consumed in normal operating cycle, or
   - Held primarily for the purpose of trading, or
   - Expected to be realised within twelve months after the reporting period, or
   - Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

   All other assets are classified as non-current.

   A liability is current when it is:

   - Expected to be settled in normal operating cycle, or
   - Held primarily for the purpose of trading, or
   - Due to be settled within twelve months after the reporting period, or
   - There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

   All other liabilities are treated as non-current.

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

G. R. MODI & CO. Chartered Accountants M. NO. 107574

Operating Cycle

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

6. Significant Accounting Policies

6.1 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Depreciation is calculated on a straight-line basis to write off the cost of assets, to their residual values over their estimated useful life. The asset's residual values and useful lives are reviewed and adjusted if appropriate, at each end of reporting period. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in the statement of profit or loss.

6.2 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Classification

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 flows characteristics of the financial asset.

Initial recognition and measurement

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

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in two broad categories:

- Financial assets at fair value (FVTPL /FVTOCI)
- Financial assets at amortised cost

When assets are measured at fair value, gains and losses are either recognised in the statement of profit and loss (i.e. fair value through profit or loss (FVTPL)), or recognised in other comprehensive income (i.e. fair value through other comprehensive income (FVTOCI)).

Financial Assets measured at amortised cost (net of any write down for impairment, if any)

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Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment, if any. The losses arising from impairment are recognised in the Statement of profit and loss.

Financial Assets measured at Fair Value Through Other Comprehensive Income ("FVTOCI")

Financial assets under this category are measured initially as well as at each reporting date at fair value, when asset is held within a business model, whose objective is to hold assets for both collecting contractual cash flows and selling financial assets. Fair value movements are recognized in the other comprehensive income.

Financial Assets measured at Fair Value Through Profit or Loss ("FVTPL"):

Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in profit or loss.

Investment in Equity Instruments

Equity instruments which are held for trading are classified as at FVTPL. All other equity instruments are classified as FVTOCI. Fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income. There is no recycling of the amounts from other comprehensive income to profit or loss.

Investment in Debt Instruments

A debt instrument is measured at amortised cost or at FVTOCI. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of profit and loss.

Derecognition of Financial Assets

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or Company has transferred its rights to receive cash flows from the asset.

Impairment of Financial Assets

In accordance with Ind - AS 109, Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are debt instruments and trade receivables.

Financial Liabilities

Classification

Company classifies all financial liabilities as subsequently measured at amortised cost or FVTPL.

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

Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement
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. Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through EIR amortisation process. 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.

Derecognition of Financial Liabilities
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.

Derivative Financial Instrument
The Company uses derivative financial instruments, such as forward currency contracts to mitigate its foreign currency 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.

6.3 Inventories
Finished products including traded goods are valued at lower of cost and net realisable value. Cost is arrived at on moving weighted average basis. The cost of Inventories have been computed to include all cost of purchases, cost of conversion, appropriate share of fixed production overheads based on normal capacity and other related cost incurred in bringing the inventories to their present condition.

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

Slow and non-moving, obsolesces, defective inventory are fully provided for and valued at net realisable value. Goods in transit are valued at actual cost incurred up to the date of balance sheet.

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6.4 Cash And Cash Equivalent

Cash and Cash Equivalents comprise of cash on hand and cash at bank including fixed deposit/highly liquid investments with original maturity period of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

6.5 Cash Flow Statements

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flow from operating, investing and financing activities of the Company are segregated.

6.6 Foreign Currency Transactions

Revenue Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.

Monetary items denominated in foreign currencies at the year-end are re-measured at the exchange rate prevailing on the balance sheet date. Non-monetary foreign currency items are carried at cost.

Any income or expense on account of exchange difference either on settlement or on restatement is recognised in the Statement of Profit and Loss.

6.7 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are inclusive of excise duty, excluding Goods and Service Tax (GST), sales tax or value added taxes or service taxes or duties collected on behalf of the government, and net of returns, trade discount/allowances, rebates, and amounts collected on behalf of third parties.

Revenue from sale of goods is recognised, when all significant risks and rewards are transferred to the buyer, as per the terms of contracts and no significant uncertainty exists regarding amount of the consideration that will be derived from the sale of goods.

Dividend income is recognised when right to receive dividend is established. Interest income is recognised on time proportion basis. Insurance and other claims are recognised as a revenue on certainty of receipt on prudent basis.

6.8 Employee Benefits

Short-term Benefits - The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Company to its employees include salaries and wages and other non-monetary benefits.

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Post-Employment Benefits - No provision has been made in respect of employee retirement benefits as employees are not eligible for such benefits. Besides the company does not have any pension scheme or any contracted agreement binding itself to the employees.

Share-based compensation
Company has no share based compensation plan.

6.9 Borrowing Costs
Borrowing costs comprise of other bank charges. Borrowing costs incurred in connection with the construction or production of a qualifying asset are capitalized as part of the cost of the asset constructed. All other borrowing costs are recognized in statements of profit & loss under finance cost.

6.10 Lease
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by lessor are classified as operating leases. Leases rentals are charged to the statement of profit and loss on straight line basis.

6.11 Earnings Per Share
Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

6.12 Income Taxes
Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. The current income tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities

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and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the end of reporting period and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

6.13 Dividends to Shareholders

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable is recognised directly in equity.

6.14 Provisions, Contingent Liabilities, Contingent Assets and Commitments

General

Provisions are recognized when: (a) the Company has a present obligation (legal or constructive) as a result of past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and those risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimates is possible;
- a possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent liabilities are not recognised in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets and Non-cancellable operating lease.

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Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

Asset Retirement Obligation

Asset retirement obligations (ARO) are provided for those operating lease arrangements where the Company has a binding obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease. ARO are provided at the present value of expected costs to settle the obligation using discounted cash flows and are recognised as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is recognised in the income statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

6.15 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date in accordance with Ind AS 113.

Financials Statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value received from Bank.
- Mutual Funds are measured at fair values as per Net Asset Value (NAV).
- Employee Stock Option Plan (ESOP) at fair values as per Actuarial Valuation Report.

Fair value is the price that would be received to sell an asset or settle a liability in an ordinary transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

6.16 Recent accounting pronouncements

Standards issued but not yet effective

The Ministry of Corporate Affairs in March 2018 has re-notified Ind AS 115, Revenue from Contracts with Customers. Earlier, this Standard was omitted and two other standards, Ind AS 11, Construction Contracts and Ind AS 18, Revenue had been notified in its place. Now, after re-notification of Ind AS 115, Ind AS 11 and Ind AS 18 would be redundant. Ind AS 115 deals with recognition of revenue arising from sale of goods, rendering of services, interest, royalties and construction contracts. It is a converged form of IFRS 15, Revenue from Contracts with Customers. Ind AS 115 shall be applied from financial years beginning on or after 1st April, 2018.

These amendments are not expected to have any impact on the Company.

6.17 Critical accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities in future periods.

(a) Arrangement containing lease

At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease. At the inception or on reassessment of an arrangement that contains a lease, Company separates payments and other consideration required by the arrangement into those for the lease and those for the other elements on the basis of their relative fair values.

The Company has determined, based on an evaluation of the terms and conditions of the arrangements that such contracts are in the nature of operating leases.

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(b) Multiple element contracts with vendors

The Company has entered into multiple element contracts with vendors for supply of goods and rendering of services. The consideration paid is/may be determined independent of the value of supplies received and services availed. Accordingly, the supplies and services are accounted for based on their relative fair values to the overall consideration. The supplies with finite life under the contracts (as defined in the significant accounting policies) have been accounted under Property, Plant and Equipment and/or as Intangible assets, since the Company has economic ownership in these assets. Company believes that the current treatment represents the substance of the arrangement.

(c) Property, Plant and equipment

Determination of the estimated useful life of tangible assets and the assessment as to which components of the cost may be capitalized. Useful life of tangible assets is based on the life of useful lives/rates prescribed by the GAAPs of the respective countries. Assumptions also need to be made, when the Company assesses, whether an asset may be capitalised and which components of the cost of the asset may be capitalised.

(d) Intangible Assets

Internal technical or user team assess the remaining useful lives of Intangible assets. Management believes that assigned useful lives are reasonable.

(e) Recognition and measurement of defined benefit obligations

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at the end of the reporting period on the government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

(f) Recognition of deferred tax assets and income tax

Deferred tax asset is recognised for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The management assumes that taxable profits will be available while recognising deferred tax assets.

Management judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the financial statements.

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising

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between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective country.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, future tax planning strategies and recent business performances and developments.

(g) Recognition and measurement of other provisions

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may, therefore, vary from the figure included in other provisions.

(h) Contingencies

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

(i) Allowance for uncollected accounts receivable and advances

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management seems them not collectible. Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

The impairment provisions for financial assets are based on assumption about risk of default and expected loss rates. Judgement in making these assumption and selecting the inputs to the impairment calculation are based on past history, existing market condition as well as forward looking estimates at the end of each reporting period.

(j) Insurance claims

Insurance claims are recognised when the Company have reasonable certainty of recovery.

(k) Impairment reviews

An impairment exists when the carrying value of an asset or cash generating unit ('CGU') exceeds its recoverable amount. Recoverable amount is the higher of its fair value less costs to sell and its value in use. The value in use

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calculation is based on a discounted cash flow model. In calculating the value in use, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of growth in EBITDA, long term growth rates; and the selection of discount rates to reflect the risks involved.

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M. NO.
107574
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Ajanta Pharma Nigeria Ltd.

Balance Sheet as at 31 March 2018

			Note No	31-Mar-18 Rs. in Lacs	31-Mar-17 Rs. in Lacs
		Assets			
(1)		Non-Current Assets			
	(a)	Deferred tax assets (net)	4	-	51.93
		Total Non-Current Assets		-	51.93
(2)		Current Assets			
	(a)	Inventories	5	-	10.85
	(b)	Financial Assets			
		(i) Trade Receivables	6	1,114.96	275.50
		(ii) Cash and cash equivalents	7	487.33	602.91
	(d)	Other current assets	8	4.80	49.22
		Total Current Assets		1,607.09	938.48
		Total Assets		1,607.09	990.40
		Equity And Liabilities			
		Equity			
	(a)	Equity Share Capital	9	136.70	36.05
	(b)	Other Equity	10	25.59	(136.04)
		Total Equity		162.29	(99.99)
		Liabilities			
(1)		Current Liabilities			
	(a)	Financial Liabilities			
		(i) Trade Payables	11	612.84	277.88
	(b)	Other current liabilities	12	831.95	812.52
		Total Current Liabilities		1,444.80	1,090.40
		Total Equity and Liabilities		1,607.09	990.40

See accompanying notes forming part of the financial statements

In terms of our report attached

For G. R. Modi & Co.
Chartered Accountants
(ICAI FRN : 112617W)

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Swapnil Modi
Partner
Mumbai, 24 April, 2018

For and on behalf of Board of Directors
of Ajanta Pharma Nigeria Ltd.

Yogesh M. Agrawal
Director

Ajanta Pharma Nigeria Ltd.

Statement of Profit and Loss Account for the year ended 31 March 2018

	Note No	31-Mar-18 Rs. in Lacs	31-Mar-17 Rs. in Lacs
Income :			
Revenue from operations	13	2,217.09	800.56
Other Income		-	-
Total Income		2,217.09	800.56
Expenses :			
Cost of Materials Consumed		-	-
Purchase of Stock-in-Trade	14	1,377.11	562.33
Changes in inventories of Finished Goods/Work-in-Progress/Stock-in-Trade	15	10.85	11.70
Employee Benefits Expenses	16	7.85	8.79
Finance Costs	-	-	-
Depreciation & Amortisation Expense	-	-	-
Other Expenses	17	598.64	413.09
Total Expenses		1,994.45	995.91
Profit Before Tax		222.65	(195.35)
Tax Expense:			
Current Tax		14.72	-
Deffered Tax		52.31	(51.93)
Profit For The Year		155.62	(143.42)
Other Comprehensive Income / (Loss)			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		6.02	42.35
Income tax relating to items that will be reclassified to profit or loss		-	-
Net other Comprehensive Income / (Loss) to be reclassified subsequently to profit or loss		6.02	42.35
Other Comprehensive Income / (Loss) for the year, net of tax		6.02	42.35
Total Comprehensive Income / (Loss) for the year		161.64	(101.08)
Earning Per Equity Share (Basic & Diluted) (Face Value NN 1/-) (In Rs.)	19	0.26	(1.43)

See accompanying notes forming part of the financial statements

In terms of our report attached

For G. R. Modi & Co.	For and on behalf of Board of Directors
Chartered Accountants	of Ajanta Pharma Nigeria Ltd.
(ICAI FRN : 112617W)	
Swapnil Modi	Yogesh M. Agrawal
Partner	Director
Mumbai, 24 April, 2018	

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Ajanta Pharma Nigeria Ltd.

Statement of Cashflows for the year ended 31 March 2018

		(₹ in Lacs)	
		31 March 2018	31 March 2017
A.	**Cash Flow from Operating Activities**		
	Profit before Tax	222.65	(195.35)
	Adjustment for :		
	Exchange Fluctuation	6.02	42.35
	Operating Profit before Working Capital Changes	**228.66**	**(153.01)**
	Changes in Working Capital :		
	Decrease (Increase) in Trade Receivable	(839.47)	55.21
	Decrease (Increase) in Other Non Current Assets	51.93	(51.93)
	Decrease (Increase) in Other Current Assets	44.42	(42.91)
	Decrease (Increase) in Inventories	10.85	11.70
	Increase (Decrease) in Other Current Liabilities	19.44	638.58
	Increase (Decrease) in Trade Payables	334.96	(430.91)
	Cash Generated from Operations	**(149.21)**	**26.73**
	Net Income tax paid	(67.03)	51.93
	Net Cash flow Generated from Operating Activities	**(216.23)**	**78.66**
B.	**Cash Flow from Investing Activities**		
	Proceeds from Share Capital	100.65	-
	Net Cash used in Investing Activities	**100.65**	**-**
C.	**Cash Flow from Financing Activities**		
	Interest Paid	-	-
	Net Cash used in Financing Activities	**-**	**-**
	Net Increase / (Decrease) in Cash and Cash Equivalents	**(115.58)**	**78.66**
	Cash and Cash Equivalents as at the Beginning of the Year	602.91	524.26
	Cash and Cash Equivalents as at the End of the Year	**487.33**	**602.91**

Figures in brackets indicates outflow.

Note :

1. The above Cash Flow Statement has been prepared under 'Indirect Method' as set out in Accounting Standard 7 (Ind AS - 7) "Statement of Cash Flow".
2. Cash comprises cash on hand, current accounts and deposits with banks. Cash equivalents are sholrt-term balances (with an original maturity of three months or less from the date of acquisition).

See accompanying notes forming part of the financial statements.

In terms of our report attached

For G. R. Modi & Co.
Chartered Accountants
(ICAI FRN : 112617W)

G. R. MODI & CO. Chartered Accountants M. NO. 107574

Swapnil Modi
Partner
Mumbai, 24 April, 2018

For and on behalf of Board of Directors of
Ajanta Pharma Nigeria Ltd.

Yogesh M. Agrawal
Director

Ajanta Pharma Nigeria Ltd.

Statement of Changes in Equity for the year ended 31 March 2018

A. Equity Share Capital ₹ in Lacs

	Balance as at 1 April 2017	Changes in equity share capital during the year	Balance as at 31 March 2018
Authorised :	37.10	100.65	137.75
Issued :	36.05	100.65	136.70
Subscribed & Paid up:	36.05	100.65	136.70

B. Other Equity

Particulars	Capital Redemption Reserve	Securities Premium Account	General Reserve	Share Based Payment Reserve	Retained Earnings	Foreign Currency Translation Reserve	Other items of other comprehensive income	Total	Non-Controlling Interests	Total Equity
As at 1 April 2016	-	-	(32.80)	-	-	(2.16)	-	(34.96)	-	(34.96)
Profit for the period	-	-	-	-	(143.42)	-	-	(143.42)	-	(143.42)
Other comprehensive income	-	-	-	-		42.35	-	42.35	-	42.35
Total comprehensive income	-	-	-	-	(143.42)	42.35	-	(101.08)	-	(101.08)
Transfer to General reserve	-	-	-	-	-	-	-	-		-
At 31 March 2017	-	-	(32.80)	-	(143.42)	40.19	-	(136.04)	-	(136.04)
Profit for the period					155.62			155.62	-	155.62
Other comprehensive income	-	-	-	-	-	6.02	-	6.02		6.02
Total comprehensive income	-	-	-	-	155.62	6.02	-	161.64	-	161.64
At 31 March 2018	-	-	(32.80)	-	12.20	46.20	-	25.59	-	25.59

See accompanying notes forming part of the financial statements

In terms of our report attached
For G. R. Modi & Co.
Chartered Accountants
(ICAI FRN : 112617W)

Swapnil Modi
Partner

Mumbai, 24 April, 2018

For and on behalf of Board of Directors of Ajanta Pharma Nigeria Ltd.

Yogesh M. Agrawal
Director

	Ajanta Pharma Nigeria Ltd.		
	Notes to Financial Statement for the year ended 31 March 2018		
		31-Mar-18	31-Mar-17
		Rs. in Lacs	Rs. in Lacs
4	**Deferred Tax Assets (Net)**		
	Deferred Tax Assets		
	Unabsorbed Losses	-	6.56
	Others	-	45.37
		-	51.93
	Deferred Tax Assets (Net)	-	51.93
5	**Inventories**		
	Stock-in-trade	-	10.85
		-	10.85
6	**Trade Receivables**		
	Unsecured		
	-Considered good	1,114.96	275.50
		1,114.96	275.50
7	**Cash and cash equivalents**		
	Cash and Cash Equivalents		
	Balance with Banks - In Current Accounts	487.33	602.91
		487.33	602.91
8	**Other Current Assets**		
	Advances to Suppliers	3.92	49.22
	Advances to Employees	0.87	-
		4.80	49.22

G.R. MODI & CO.
M. NO. 107574
Chartered Accountants

Ajanta Pharma Nigeria Ltd.

Notes to Financial Statement for the year ended 31 March 2018

9 Equity Share Capital

	31-Mar-18		31-Mar-17	
	No. of Shares	Rs. in Lacs	No. of Shares	Rs. in Lacs
Authorised :				
Ordinary Shares of NN 1 each	6,00,00,000	137.75	1,00,00,000	37.10
Issued, Subscribed & Paid up :				
Ordinary Shares of NN 1 each fully paid up	6,00,00,000	136.70	1,00,00,000	36.05

(a) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year :

	31st March 2018		31st March 2017	
	No. of Shares	Rs. Lacs	No. of Shares	Rs. Lacs
Number of shares outstanding as at the beginning of the year	1,00,00,000	36.05	58,75,000	23.08
Add : Number of shares allotted as fully paid-up during the year	5,00,00,000	100.65	41,25,000	12.97
Less: Number of shares bought back during the year	-	-	-	-
Number of shares outstanding as at the end of the year	6,00,00,000	136.70	1,00,00,000	36.05

(b) Rights, preferences and restrictions attached to shares

The company has issued only one class of equity shares with voting rights having a par value of NN 1 per share.

The company have not declared any dividend.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company. The distribution will be in proportion to the numbers of equity shares held by shareholders.

(c) Details of Equity Shares held by each shareholders holding more than 5%

Name of Shareholder	31st March 2018		31st March 2017	
	No. of Shares	% Holding	No. of Shares	% Holding
Ajanta Pharma Ltd., India	6,00,00,000	100.00	1,00,00,000	100.00
(d) Shares reserved for issue under options	Nil	Nil	Nil	Nil

10 OTHER EQUITY

	31-Mar-18	31-Mar-17
General Reserve		
Balance at the beginning of the year	(32.80)	(32.80)
Add : Transferred from Statement of Profit & Loss	-	-
	(32.80)	(32.80)
Exchange Fluctuation Reserve	46.20	40.19
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	(143.42)	-
Profit for the year	155.62	(143.42)
Balance at the year end	12.20	(143.42)
Total Other Equity	25.59	(136.04)

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Notes to Financial Statement for the year ended 31 March 2018

			31-Mar-18	31-Mar-17
			Rs. in Lacs	Rs. in Lacs
11	**Trade Payables**			
	Trade Payables to Related Party		612.84	277.88
			612.84	277.88
12	**Other Current Liabilities**			
	Others payables		831.95	812.52
			831.95	812.52
13	**Revenue from Operations**			
	Sale of Products			
	Stock-in-Trade		2,217.09	800.56
			2,217.09	800.56
14a	**Purchases of Traded Goods (Related Party)**		928.44	562.33
14b	**Purchases of Traded Goods (Others)**		448.67	-
15	**Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade**			
	Inventories at the end of the year :			
	Stock-in-trade		-	10.85
		(A)	-	10.85
	Inventories at the beginning of the year :			
	Stock-in-trade		10.85	22.54
		(B)	10.85	22.54
	Total changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade :			
	Work-in-Process		10.85	11.70
	Total changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	(B) - (A)	10.85	11.70
16	**Empolyee Benefit Expenses**			
	Salaries, Wages, Bonus and Allowances		7.85	8.79
			7.85	8.79
17	**Other Expenses**			
	Selling Expenses		28.29	68.19
	Clearing and Forwarding		260.24	44.42
	Travelling Expenses		9.82	9.61
	Rent		6.37	6.84
	Telephone, Telex & Postage		0.54	0.56
	Repairs to Others		28.96	6.08
	Insurance		3.70	3.26
	Exchange Difference (Net)		211.59	233.70
	Miscellaneous Expenses		49.12	40.45
			598.64	413.09

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M. NO.
107574
Chartered Accountants

Ajanta Pharma Nigeria Ltd.

Notes to the Financial Statements for the year ended 31 March 2018

18. Capital Management

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 equity shareholders. The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. Company's target is to achieve a return on capital above 30%; in 2017-18 the return was 137% and in 2016-17 the return was 195%

Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted 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 and short term investments. Adjusted equity comprises all components of equity.

Company's policy is to keep the ratio below 1.00 and its adjusted net debt to equity ratio at 31 March 2018 was as follows. **₹ in Lacs**

Particulars		31 March 2018	31 March 2017
Debt (Debt + Current Liabilities)		1,444.80	1,090.40
Less: Cash and Cash equivalents		487.33	602.91
Net Debt	A	957.47	487.48
Equity	B	162.29	(99.99)
Net Debt to Equity ratio	A/B	5.90	(4.88)

19. Earnings Per share (EPS):

The numerator and denominator used to calculate Basic and Diluted Earnings Per Share:

Particulars		31 March 2018	31 March 2017
Basic and Diluted Earnings Per Share:			
Profit attributable to Equity shareholders-for Basic EPS (₹ in Lacs)	A	155.62	(143.42)
Add: Dilutive effect on profit (₹ in Lacs)	B	Nil	Nil
Profit attributable to Equity shareholders for computing Diluted EPS (₹ in Lacs)	C=A-B	155.62	(143.42)
Weighted Average Number of Equity Shares outstanding - for Basic EPS	D	6,00,00,000	1,00,00,000
Add: Dilutive effect of option outstanding-Number of Equity Shares	E	Nil	Nil
Weighted Average Number of Equity Shares for Diluted EPS	F=D+E	6,00,00,000	1,00,00,000
Face Value per Equity Share (NN)		1	1
Basic Earnings Per Share (₹)	A/D	0.26	(1.43)
Diluted Earnings Per Shares (₹)	C/F	0.26	(1.43)

20. Employee Benefits

As required by Ind AS 19 'Employee Benefits', the Company offers its employees: Short-term employee benefits - These benefits include salaries and wages and other

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allowances which are paid immediately. The total consideration paid in 2017-18 was ₹ 7.85 Lacs (Previous Year ₹ 8.79 Lacs).

Retirement plan - No provision has been made in respect of employee retirement benefits as employees are not eligible for such benefits. Besides the company does not have any pension scheme or any contracted agreement binding itself to the employees.

21. Financial Instrument - fair values and risk management

Fair value measurements

₹ in Lacs

	31 March 2018		31 March 2017	
Financial Instruments by category	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial Assets				
Trade Receivables	-	1,114.96	-	275.50
Cash and cash equivalents	-	487.33	-	602.91
Total Financial Assets	-	**1,602.29**	-	**878.41**
Financial Liabilities				
Other Current Liabilities	-	831.95	-	812.52
Trade Payables	-	612.84	-	277.88
Total Financial Liabilities	-	**1,444.79**	-	**1,090.40**

Fair Value Hierarchy

₹ in Lacs

	31 March 2018			31 March 2017		
Financial assets and liabilities measured at fair value	Level			Level		
	I	II	III	I	II	III
Financial assets						
Non recurring fair value measurement						
Trade Receivables	-	-	1,114.96	-	-	275.50
Cash and cash equivalents	-	-	487.33	-	-	602.91
Total Financial Assets	-	-	**1,602.29**	-	-	**878.41**
Financial Liabilities						
Other Current Liabilities	-	-	831.95	-	-	812.52
Trade Payables	-	-	612.84	-	-	277.88
Total Financial Liabilities	-	-	**1,444.79**	-	-	**1,090.40**

Level 1 - The hierarchy in level 1 includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

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

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, etc. included in level 3.

A. Financial risk management

Company has exposure to following risks arising from financial instruments:

- credit risk

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- liquidity risk
- market risk

i. **Risk management framework**

Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Management is responsible for developing and monitoring the Company's risk management policies, under the guidance of Audit Committee.

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

Company's 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.

ii. **Credit risk**

Company's credit risk is minimal. The trade receivables arise mainly from transactions with its approved customers. The maximum exposure to credit on these transactions is equal to the carrying amount of these financial instruments. Customers are subject to stringent financial, credit and legal verification process. In addition, trade receivable balances are monitored on an ongoing basis to ensure timely collections. Accordingly, the Company's exposure to bad debts is not significant.

With respect to credit risk arising from other financial assets of the Company, which comprise cash in banks and receivables (except for advances to suppliers), the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Company limits its exposure to credit risks by depositing its cash only with financial institutions duly evaluated and approved by the Board of Directors. The Company's receivables is minimal since no default payments were made by the counterparties. An impairment analysis is performed at each reporting date on an individual basis for major clients.

iii. **Liquidity risk**

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. Presently the Company has existing long-term loans that fund capital expenditures. Working capital requirements are adequately addressed by internally generated funds. Trade receivables are kept within manageable levels.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Ajanta Pharma Nigeria Ltd.

Notes to the Financial Statements for the year ended 31 March 2018

iv. Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments. Company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. All transactions are carried out within the guidelines set by the risk management committee.

The sensitivity analysis have been prepared on the basis of derivatives and the proportion of financial instruments in foreign currencies are all constant. The analysis excludes the impact of movements in market variables on the carrying value of postemployment benefit obligations, provisions and on the non-financial assets and liabilities. The sensitivity of the relevant income statement item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of 31 March 2018 and 31 March 2017.

a) Currency risk

The Company's foreign exchange risk results primarily from movements of the Nigerian Niara against the US dollar with respect to US dollar denominated financial assets and liabilities. The Company's transactional currency exposures arise from its inventories which is 100% purchases from Holding Company in US dollar. The Company regularly reviews the trend of the foreign exchange rates.

The following table analyses foreign currency risk as of 31 March 2018 and 31 March 2017:

₹ in Lacs

Particulars	31 March 2018	31 March 2017
Trade Payables	(612.84)	(277.88)
Net Assets / (Liabilities)	(612.84)	(277.88)

For the year ended 31 March 2018 and 31 March 2017, every percentage point depreciation / appreciation in the exchange rate between the Nigerian Naira and respective currencies has affected the Company's incremental profit before tax as per below:

₹ in Lacs

Year	Change in currency exchange rate	Effect on profit before tax
31 March 2018	+25% / (-25%)	153.21 (153.21)
31 March 2017	+25% / (-25%)	69.47 / (69.47)

22. Note on foreign currency exposures on assets and liabilities:

During the year, the Company has not entered into Forward Exchange Contract. The year-end foreign currency exposures that have not been mitigated by a derivative instrument or otherwise are as below:

Particulars	₹ in Lacs	₹ in Lacs	Foreign Currency Amt in Lacs	Foreign Currency Amt in Lacs	Foreign Currency
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	
Amount Payable	612.84	277.88	9.40	4.28	USD

G. R. MODI & CO.
M. NO. 107574
Chartered Accountants

Ajanta Pharma Nigeria Ltd.

Notes to the Financial Statements for the year ended 31 March 2018

b) **Interest rate risk**

The Company have no borrowings and hence there is no interest rate risk.

c) **Price risk**

Company does not have any exposure to price risk, as there is no equity investments.

23. **Disclosure for operating leases under Ind AS 17 - "Leases":**
The Company have taken a premise under operating lease. The lease is for a period of 12 to 24 months and are renewable upon mutual consent of the parties. There are no contingent rents. The lease payments of ₹ 6.37 Lacs (Previous Year ₹ 6.84 Lacs) are recognised in Statement of Profit and Loss under "Rent" under Note 17.

24. **Contingent Liabilities and commitments:**
There are no contingent liabilities and commitments by the Company.

25. Related party disclosure as required by Ind AS 24 are given below:

A) **Relationships:**

Category I - Holding Company & Fellow Subsidiary

Ajanta Pharma Ltd., India (Holding Company)

B) **Following transactions were carried out with related parties:**

Sr. No.	Particulars	Category	31 March 2018 ₹ in Lacs	31 March 2017 ₹ in Lacs
1.	**Purchase of Goods:**			
	Ajanta Pharma Ltd., India	I	926.74	562.33
2.	**Equity Share Capital:**			
	Ajanta Pharma Ltd., India	I	100.65	-
3.	**Bad Debts**			
	Ajanta Pharma Ltd., India	I	-	162.06

C) **Amount outstanding as on 31 March 2018**

Sr. No.	Particulars	Category	31 March 2017 ₹ in Lacs	31 March 2016 ₹ in Lacs
1.	**Trade Payable :**			
	Ajanta Pharma Ltd., India	I	612.84	277.88

26. The Company has one segment of activity namely "Pharmaceuticals".

In terms of our report attached

For G. R. Modi & Co.
Chartered Accountants
(ICAI FRN : 112617W)

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Swapnil Modi
Partner

Mumbai, 24 April 2018

For and on behalf of Board of Directors of Ajanta Pharma Nigeria Ltd.

Yogesh M. Agrawal
Director