

**Independent Auditor's Report on Special Purpose Financial Statements**

**To the Board of Glenmark Life Sciences Limited**

**Opinion**

1. We have audited the accompanying special purpose financial statements of **Glenmark Life Sciences Limited** ('the Company'), which comprise the Balance Sheet as at 31 March 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the 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 'Special Purpose Financial Statements').
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Financial Statements are prepared, in all material respects, in accordance with the basis of accounting described in note 2 to these Special Purpose Financial Statements.

**Basis for Opinion**

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



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Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiook & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India

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### **Basis of Accounting and Restriction on distribution or use**

4. We draw attention to Note 2 to the accompanying Special Purpose Financial Statements, which describes the basis of accounting used for the preparation of the accompanying Special Purpose Financial Statements. These Special Purpose Financial Statements are prepared by the Company's management solely for preparation of restated financial information for year ended 31 March 2018 which would be included in the Draft Red Herring Prospectus (DRHP) prepared by the Company in terms of the requirements of Section 26 of Part I of Chapter III of the Act, read with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2018, as amended from time to time ("ICDR Regulations"), in connection with the proposed initial public offering of the equity shares of the Company, and accordingly, these Special Purpose Financial Statements may not be suitable for any other purpose. This report is issued solely for the aforementioned purpose, and accordingly, should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Further, we do not accept or assume any liability or any duty of care for any other purpose for which or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

### **Responsibilities of Management and Those Charged with Governance for the Special Purpose Financial Statements**

5. The Company's Board of Directors is responsible for the preparation of these Special Purpose Financial Statements in accordance with the basis of accounting described in note 2 to the Special Purpose Financial Statements. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Financial Statements that, in all material respects, in accordance with the basis of accounting specified in aforementioned note 2 and are free from material misstatement, whether due to fraud or error.
6. In preparing the Special Purpose Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so
7. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements**

8. Our objectives are to obtain reasonable assurance about whether the Special Purpose Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special Purpose Financial Statements.
9. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,





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as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls with reference to financial statements and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 007076N/N500013

  
**Ashish Gupta**

Partner

Membership No.: 504662

UDIN: 21504662AAAACN8544

**Place:** New Delhi

**Date:** 06 April 2021

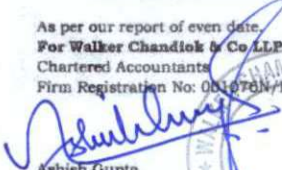
**Glenmark Life Sciences Limited**  
**Balance Sheet**

(All amounts in million of Indian Rupees, unless otherwise stated)

Particulars	Notes	As at 31 March 2018
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	3	0.01
<b>Total non-current assets</b>		<b>0.01</b>
<b>Current assets</b>		
Inventories	4	0.38
Financial Assets	5	
(i) Trade receivables		0.31
(ii) Cash and cash equivalents		0.07
(iii) Other financial assets		0.08
<b>Total current assets</b>		<b>0.84</b>
<b>Total assets</b>		<b>0.85</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Equity share capital	8	0.10
Other Equity		(14.08)
<b>Total Equity</b>		<b>(13.98)</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Financial Liabilities	9	
(i) Trade payables		
(a) Total outstanding dues of Micro enterprises and Small enterprises		-
(b) Total outstanding dues of other than Micro enterprises and Small enterprises		0.13
(ii) Other current financial liabilities		14.50
Other current liabilities	10	0.10
Provisions	11	0.10
<b>Total current liabilities</b>		<b>14.83</b>
<b>Total Liabilities</b>		<b>14.83</b>
<b>Total equity and liabilities</b>		<b>0.85</b>

See accompanying notes to the financial Statements.

As per our report of even date,  
**For Walker Chandiook & Co LLP**  
 Chartered Accountants  
 Firm Registration No: 031676N/NS00013

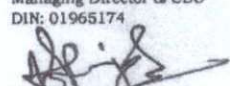
  
 Ashish Gupta  
 Partner  
 Membership Number - 504602

Place: New Delhi  
 Date: 06 April 2021

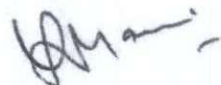


**For and on behalf of the Board of Directors**  
 Glenmark Life Sciences Limited

  
 Yasir Rawjee  
 Managing Director & CEO  
 DIN: 01965174

  
 Bhavesh Bajaj  
 Chief Financial Officer

Place: Mumbai  
 Date: 06 April 2021



V S Mani  
 Director  
 DIN: 01082878



Rudolf Corriea  
 Company Secretary &  
 Compliance Officer





**Glenmark Life Sciences Limited**  
**Statement of profit and loss**  
 (All amounts in million of Indian Rupees, unless otherwise stated)

Particulars	Notes	Year ended 31 March 2018
<b>Income</b>		
Revenue from operations	12	2.48
<b>Total income</b>		<b>2.48</b>
<b>Expenses</b>		
Cost of materials consumed	13	0.38
Changes in inventories of finished goods and work-in-process	14	0.46
Employee benefits expense	15	1.53
Depreciation and amortisation expense	3	0.00
Other expenses	16	0.25
<b>Total expenses</b>		<b>2.61</b>
<b>Profit/Loss before Tax</b>		<b>(0.13)</b>
<b>Tax expense:</b>	6	
Current tax		-
Deferred tax		4.21
<b>Total tax expense</b>		<b>4.21</b>
<b>Profit/ Loss for the year</b>		<b>(4.34)</b>
<b>Other comprehensive income:</b>		
Items than will not be reclassified to profit or loss		
- Remeasurement of the post-employment benefit obligation		-
- Income tax relating to the above		-
<b>Other comprehensive income /(loss) for the year</b>		<b>-</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>(4.34)</b>
<b>Earnings per equity share of Rs. 2 each</b>	18	
Basic (in Rs)		(7.89)
Diluted (in Rs)		(7.89)

See accompanying notes to the financial Statements.


As per our report of even date.  
**For Walker Chandniok & Co LLP**  
 Chartered Accountants  
 Firma Registration No: 001076N/N500013

  
 Ashish Gupta  
 Partner  
 Membership Number: 504662

Place: New Delhi  
 Date: 06 April 2021

**For and on behalf of the Board of Directors**  
 Glenmark Life Sciences Limited

  
 Yasir Rawjee  
 Managing Director & CEO  
 DIN: 01965174

  
 Bhavesh Pujara  
 Chief Financial officer

Place: Mumbai  
 Date: 06 April 2021

  
 V S Mani  
 Director  
 DIN : 01082878

  
 Rudolf Corria  
 Company Secretary &  
 Compliance Officer



**Glenmark Life Sciences Limited**  
**Statement of Changes in Equity for the year ended**  
 (All amounts in million of Indian Rupees, unless otherwise stated)

**A. Equity share capital**

Particulars	Amount
Balance as at 1 April 2017	0.10
Add: Fresh equity shares issued	-
<b>Balance as at 31 March 2018</b>	<b>0.10</b>

Refer notes 11 and 12 for details on equity share capital

**B. Other Equity**

Particulars	Reserves	Total
Balance as at 1 April, 2017	(9.74)	(9.74)
Add: Profit for the year	(4.34)	(4.34)
<b>Balance as at 31 March, 2018</b>	<b>(14.08)</b>	<b>(14.08)</b>

See accompanying notes to the financial Statements.

As per our report of even date.

**For Walker Chandio & Co LLP**  
 Chartered Accountants  
 Firm Registration No: 001076N/NS00013

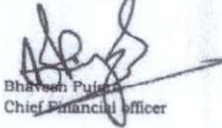
  
 Ashish Gupta  
 Partner  
 Membership Number - 584562



Place: New Delhi  
 Date: 06 April 2021

**For and on behalf of the Board of Directors**  
 Glenmark Life Sciences Limited

  
 Yasir Rawjee  
 Managing Director & CEO  
 DIN: 01965174

  
 Bhavesh Pulera  
 Chief Financial officer

Place: Mumbai  
 Date: 06 April 2021

  
 V S Mani  
 Director  
 DIN: 01082878

  
 Rudolf Corria  
 Company Secretary &  
 Compliance Officer





**Glenmark Life Sciences Limited**

**Statement of Cash Flows**

(All amounts in million of Indian Rupees, unless otherwise stated)

Sr. No.	Particulars	Year ended 31 March 2018
A.	<b>Cash flow from operating activities</b>	
	Loss before tax	(0.13)
	Adjustments for:	
	Depreciation and amortisation expenses	0.00
	<b>Operating profit before working capital changes</b>	<b>(0.13)</b>
	<b>Adjustments for changes in working capital:</b>	
	- (Increase) in trade receivables	(0.31)
	- Decrease in inventories	0.46
	- Decrease in trade and other payables	(4.83)
	<b>Cash generated from operations</b>	<b>(4.81)</b>
	- Taxes paid (net of refunds)	-
	<b>Net cash used in operating activities</b>	<b>(4.81)</b>
B.	<b>Cash flow from investing activities</b>	-
	<b>Net cash generated from/(used in) investing activities</b>	-
C.	<b>Cash flow from financing activities</b>	
	Proceeds from /(repayment) of borrowings from related parties	4.86
	<b>Net cash generated from financing activities</b>	<b>4.86</b>
	<b>Net increase in cash and cash equivalents</b>	<b>0.05</b>
	<b>Opening balance of cash and cash equivalents</b>	<b>0.02</b>
	<b>Closing balance of cash and cash equivalents</b>	<b>0.07</b>
	<b>Cash and cash equivalents comprise of :</b>	
	Cash on hand	0.01
	Balances with banks in current accounts and Exchange Earner's Foreign Currency (EEFC) accounts	0.06
		<b>0.07</b>



**Glenmark Life Sciences Limited**

**Statement of Cash Flows**

(All amounts in million of Indian Rupees, unless otherwise stated)

**Note :**

- 1 The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS 7, 'Statement of Cash Flows'.
- 2 Figures in bracket indicate cash outflow.
- 3 Reconciliation of short term borrowings in Financing Activities - Refer Note 9  
See accompanying notes to the financial Statements.

As per our report of even date.

**For Walker Chandok & Co LLP**

Chartered Accountants

Firm Registration No: 001076N/N500013

  
Ashish Gupta

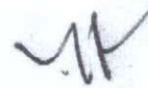
Partner

Membership Number: 504662

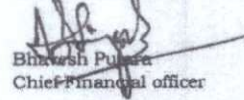
Place: New Delhi

Date: 06 April 2021



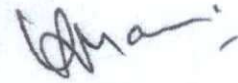


Yasir Rawjee  
Managing Director & CEO  
DIN: 01965174

  
Bhavesh Pulera  
Chief Financial officer

Place: Mumbai

Date: 06 April 2021



V S Mani  
Director  
DIN : 01082878

  
Rudolf Corriea  
Company Secretary &  
Compliance Officer





**Glenmark Life Sciences Limited**  
**Notes to the Financial Statement**

(All amounts in million of Indian Rupees, unless otherwise stated)

**NOTE 1 – BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1 COMPANY INFORMATION**

Glenmark Life Sciences Limited (the "Company") is a public limited company incorporated in Pune, India. The registered office of the Company is at Plot No 170-172 Chandramouli Industrial Estate, Mohol Bazarpath, Solapur - 413213, Maharashtra, India.

The Company is primarily engaged in the business of development, manufacture and marketing of active pharmaceutical ingredients. The Company's research and development facilities are located at Mahape, Ankleshwar and Dahej in India and manufacturing facilities are located at Ankleshwar, Dahej, Mohol, and Kurkumbh.

**NOTE 2 - BASIS OF PREPARATION AND MEASUREMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- 2.1** The special purpose financial statements have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of the Companies Act, 2013 (the Act), other relevant provisions of the Act and rules framed thereunder. These financial statements are prepared by the management solely for inclusion in the restated financial information for the year ended 31 March 2018 which would be included in the Draft Red Herring Prospectus (DRHP) prepared by the Company in terms of the requirements of Section 26 of Part I of Chapter III of the Act, read with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2018, as amended from time to time, in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("ICDR Regulations"), in connection with the proposed initial public offering of the equity shares of the Company and accordingly, the comparative financial statements, as required under Ind AS 1 "Presentation of Financial Statements" are not included in these financial statements.

The preparation of these financial information in conformity with Ind AS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or area where assumptions and estimates are significant to these financial statements are disclosed in 2.15.

These financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including investments), defined benefit plans, plan assets and share-based payments.

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Act and Ind AS 1, Presentation of Financial Statements.

**2.2 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company.

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 categorized 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.

**2.3 Foreign currency transactions**

Foreign currency transactions are recorded at the exchange rates prevailing at the date of such transactions. Monetary assets and liabilities as at the balance sheet date are translated at the rates of exchange prevailing at the date of the balance sheet. Gain/loss arising on account of differences in foreign exchange rates on settlement/translation of monetary assets and liabilities are recognised in the statement of profit and loss, unless they are considered as an adjustment to borrowing costs, in which case they are capitalised along with the borrowing cost.

**2.4 Revenue recognition**

**Sale of goods**

Revenue is recognised when the significant risks and rewards of ownership are transferred to the buyer, there is no continuing management involvement with the goods, the amount of revenue can be measured reliably and recovery of the consideration is probable. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, value added tax, goods and service tax (GST) and applicable trade discounts and allowances, but inclusive of excise duty (up to 30th June, 2017). Revenue includes shipping and handling costs billed to the customer.

The Company accounts for sales returns accrual by recording an allowance for sales returns concurrent with the recognition of revenue at the time of a product sale. This allowance is based on the Company's estimate of expected sales returns. The Company deals in various products and operates in various markets. Accordingly, the estimate of sales returns is determined primarily by the Company's historical experience in the markets in which the Company operates.

Revenue from contract research is recognised in statement of profit and loss when right to receive a non-refundable payment from out-licensing partner is established and such non-refundable amount is representative of work already done by the Company.

**Services**

Revenue from services rendered is recognised in statement of profit and loss over the period the underlying services are performed.

**Other income**

Other income consists of interest income on funds invested in financial assets, dividend income and gains on the disposal of Investments and financial assets. Interest income is recognised as it accrues in statement of profit and loss, using the effective interest rate method on a time proportion basis. Dividend income is recognised in the statement of profit and loss on the date that the Company's right to receive payment is established.





## 2.5 Property, plant and equipment

### *Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use.

When parts of an item of property, plant and equipment have significant cost in relation to total cost and different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Profits and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within "other income/expense in the statement of profit and loss".

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

### *Depreciation*

Depreciation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term or their useful lives, unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The below given useful lives best represent the useful lives of these assets based on internal assessment and supported by technical advice where necessary which is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

### **The estimated useful lives are as follows:**

Furniture, fixtures and office equipment 1 - 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

## 2.6 Impairment Testing of property, plant and equipment, and intangible assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets that have indefinite lives or that are not yet available for use are tested for impairment annually; their recoverable amount is estimated annually each year at the reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("cash-generating unit"). The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Intangibles with indefinite useful lives are tested for impairment individually.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 2.7 Financial assets

### *Classification*

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit and loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

### *Measurement*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.





**Glenmark Life Sciences Limited**  
**Notes to the Financial Statement**

(All amounts in million of Indian Rupees, unless otherwise stated)

**Measurement of debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of profit and loss and recognised in other income/expenses. Interest income from these financial assets is included in other income using the effective interest rate method.
- **Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the statement of profit and loss and presented net in the statement of profit and loss within other income/expenses in the period in which it arises. Interest income from these financial assets is included in other income.

**Measurement of equity instruments**

The Company subsequently measures all equity investments other than those elected to be at cost under Ind AS 27 at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in the statement of profit and loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income/ expenses in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

**Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 35 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**De-recognition of financial assets**

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**Interest income from financial assets**

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

**2.8 Financial liabilities**

Non derivative financial liabilities include trade and other payables.

Borrowings and other financial liabilities are initially recognised at fair value (net of transaction costs incurred). Difference between the fair value and the transaction proceeds on initial recognition is recognised as an asset / liability based on the underlying reason for the difference.

Subsequently all financial liabilities are measured at amortised cost using the effective interest rate method

Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit and loss. The gain / loss is recognised in other equity in case of transaction with shareholders.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

Trade payables are recognised initially at their transaction values which also approximate their fair values and subsequently measured at amortised cost less settlement payments.

**2.9 Inventories**

Inventories of finished goods, stock in trade, work in process, consumable stores and spares, Raw material, Packing material are valued at cost or net realisable value, whichever is lower. Cost of inventories is determined on a weighted moving average basis. Cost of work-in-process and finished goods include the cost of materials consumed, labour, manufacturing overheads and other related costs incurred in bringing the inventories to their present location and condition.

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

The factors that the Company considers in determining the allowance for slow moving, obsolete and other non-saleable inventory includes estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Company's business and markets. The Company considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.





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**2.10 Accounting for income taxes**

Income tax expense consists of current and deferred tax. Income tax expense is recognised in the statement of profit and loss except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences:

- The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and
- Taxable temporary differences relating to investments in subsidiaries to the extent the Company is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

**2.11 Leases**

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

**Finance leases**

A finance lease is recognised as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset or the present value of the minimum lease payments. Initial direct costs, if any, are also capitalised and, subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**Operating leases**

Leases other than finance leases are operating leases, and the leased assets are not recognised on the Company's balance sheet. Payments made under operating leases are recognised in the statement of profit and loss over the term of the lease.

**2.12 Equity**

Share capital is determined using the nominal value of shares that are issued. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Securities premium includes any premium received on the issue of share capital. Any transaction costs associated with the issue of shares is deducted from Securities premium, net of any related income tax benefits.

Retained earnings include all current and prior period results, as disclosed in the statement of profit and loss.

**2.13 Employee benefits**

**Short-term benefits**

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

**Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to recognised provident funds, approved superannuation schemes and other social securities, which are defined contribution plans, are recognised as an employee benefit expense in the statement of profit and loss as incurred.

**Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of an approved gratuity plan, which is a defined benefit plan, and certain other defined benefit plans is calculated separately for each material plan by estimating the ultimate cost to the entity of the benefit that employees have earned in return for their service in the current and prior periods. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates (actuarial assumptions) about demographic variables and financial variables that will affect the cost of the benefit. The cost of providing benefits under the defined benefit plan is determined using actuarial valuation performed annually by a qualified actuary using the projected unit credit method.

The benefit is discounted to determine the present value of the defined benefit obligation and the current service cost. The discount rate is the yield at the reporting date on risk free government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

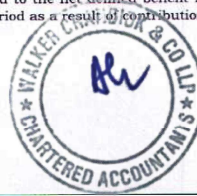
The fair value of any plan assets is deducted from the present value of the defined benefit obligation to determine the amount of deficit or surplus. The net defined benefit liability/ (asset) is determined as the amount of the deficit or surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The net defined benefit liability/ (asset) is recognised in the balance sheet.

Defined benefit costs are recognised as follows:

- Service cost in the statement of profit and loss
- Net interest on the net defined benefit liability/ (asset) in the statement of profit and loss
- Remeasurement of the net defined benefit liability/ (asset) in other comprehensive income

Service costs comprise of current service cost, past service cost, as well as gains and losses on curtailment and settlements. The benefit attributable to current and past periods of service is determined using the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the benefit is attributed on a straight-line basis. Past service cost is recognised in the statement of profit and loss in the period of plan amendment. A gain or loss on the settlement of a defined benefit plan is recognised when the settlement occurs.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability/ (asset) at the beginning of the period, taking account of any changes in the net defined benefit liability/ (asset) during the period as a result of contribution and benefit payments.





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Remeasurement comprises of actuarial gains and losses, the return on plan assets (excluding interest), and the effect of changes to the asset ceiling (if applicable). Remeasurement recognised in other comprehensive income is not reclassified to the statement of profit and loss.

**Compensated leave of absence**

Eligible employees are entitled to accumulate compensated absences up to prescribed limits in accordance with the Company's policy and receive cash in lieu thereof. The Company measures the expected cost of accumulating compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the date of the balance sheet. Such measurement is based on actuarial valuation as at the date of the balance sheet carried out by a qualified actuary.

**Termination benefits**

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

**2.14 Provisions, contingent liabilities and contingent assets**

Provisions are recognised when present obligations as a result of past events will probably lead to an outflow of economic resources from the Company and they can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the best estimate of expenditure required to settle the present obligation at the reporting date, based on the most reliable evidence, including the risks and uncertainties and timing of cashflows associated with the present obligation.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognised in the balance sheet.

Any amount that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset up to the amount of the related provisions. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent assets are not recognised.

**2.15 CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENT IN APPLYING ACCOUNTING POLICIES**

When preparing these financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

In the process of applying the Company's accounting policies, the following judgments have been made apart from those involving estimates, which have the most significant effect on the amounts recognised in the financial statement. Judgments are based on the information available at the date of balance sheet.

**Deferred tax**

The assessment of the probability of future taxable profit in which deferred tax assets can be utilized is based on the Company's latest approved budget forecast, which is adjusted for significant non-taxable profit and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable profit indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

**Estimation Uncertainty**

The preparation of these financial statements is in conformity with Ind AS and requires the application of judgment by management in selecting appropriate assumptions for calculating financial estimates, which inherently contain some degree of uncertainty. Management estimates are based on historical experience and various other assumptions that are believed to be reasonable in the circumstances, the results of which form the basis for making judgments about the reported carrying values of assets and liabilities and the reported amounts of revenues and expenses that may not be readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Estimates of life of various tangible and intangible assets, and assumptions used in the determination of employee-related obligations and fair valuation of financial and equity instrument, impairment of tangible and intangible assets represent certain of the significant judgements and estimates made by management.

**Useful lives of various assets**

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Company. The useful life are specified in note 2.5.

**Post-employment benefits**

The cost of post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rate of return on assets, future salary increases and mortality rates. Due to the long term nature of these plans such estimates are subject to significant uncertainty.

**Fair value of financial instruments**

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

**Impairment**

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

**Current and deferred income taxes**

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

**Expected credit loss**

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- i Trade receivables.
- ii Financial assets measured at amortised cost other than trade receivables.





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In case of trade receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance. In case of other assets (listed as ii above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to twelve month ECL is measured and recognised as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

The financial statements have been prepared using the measurement basis specified by Ind AS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**2.16 STANDARDS ISSUED BUT NOT YET EFFECTIVE:**

The Company has assessed the following amended and enacted standards for the first time for their reporting period commencing April 1, 2018:

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

On 28 March 2018, MCA has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related assets, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 1 April 2018. The Company is evaluating the requirement of the amendment and impact on the financial statements. The effect on adoption of Ind AS 21 is expected to be insignificant.

**Ind AS 115 Revenue from contracts with customers :**

In March 2018, the MCA notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 115 "Revenue from contracts with customers" supercedes Ind AS 18, "Revenue" and is applicable for all accounting periods on or after 1 April 2018.

Ind AS 115 introduces a new framework of 5 steps model for the analysis of revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The new revenue standard is applicable to the Company from 1 April 2018.

The standard permits 2 possible methods of transition :

- Retrospective approach

Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 "Accounting policies, changes in accounting estimates and errors"

- Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application ( cumulative catch-up approach)

The Company is evaluating the requirements of the amendment and the impact on the financial statements. The effect on adoption of the Ind AS 115 is expected to be insignificant.

**Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses :**

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the changes in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. These amendments are effective for annual periods beginning on or after 1 April 2018. The Company will adopt the new standard on the required effective date. The Company is evaluating the requirement of the amendment and impact on the financial statements. The effect on adoption of these amendment is expected to be insignificant.

**Ind AS 116 - Leases**

On March 30, 2019, the Ministry of Corporate Affairs issued Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. IND AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Standard also contains enhanced disclosure requirements for lessees.

The standard allows for two methods of transition: the full retrospective approach, requires entities to retrospectively apply the new standard to each prior reporting period presented and the entities need to adjust equity at the beginning of the earliest comparative period presented, or the modified retrospective approach, under which the date of initial application of the new leases standard, lessees recognise the cumulative effect of initial application as an adjustment to the opening balance of equity as at annual periods beginning on or after January 1, 2019.

The Company will adopt this standard using modified retrospective method effective April 1, 2019, and accordingly, the comparative for year ended March 31, 2018 and 2019, will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition.

**Appendix C to Ind AS 12 - Uncertainty over income tax treatments**

On March 30, 2019, Ministry of Corporate Affairs issued Appendix C to Ind AS 12, which clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. The entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The effective date for adoption of Appendix C to Ind AS 12 is April 1, 2019. The Company will apply Appendix C to Ind AS 12 prospectively from the effective date and the effect on adoption of Ind AS 12 on the financial statement is insignificant.

**Amendment to Ind AS 12 - Income Taxes**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 12 - Income Taxes. The amendments clarify that an entity shall recognise the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the entity originally recognised those past transactions or events that generated distributable profits were recognised. The effective date of these amendments is annual periods beginning on or after April 1, 2019. The Company is currently assessing the impact of this amendment on the Company's financial statements.

**Amendment to Ind AS 19 - Plan Amendment, Curtailment or Settlement**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements requiring an entity to determine the current service costs and the net interest for the period after the remeasurement using the assumptions used for the remeasurement; and determine the net interest for the remaining period based on the remeasured net defined benefit liability or asset. These amendments are effective for annual reporting periods beginning on or after April 1, 2019. The Company will apply the amendment from the effective date and the effect on adoption of the amendment on the financial statement is insignificant.





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**Amendments to Ind AS 103, Business Combinations**

To consider the integration of the required activities and assets as a business, the amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs and excludes economic benefits from the lower costs. An entity can apply an optional concentration test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or group of similar assets), the assets acquired would not represent a business.

**Amendments to Ind AS 116, Leases**

The amendments introduce a practical expedient that simplifies how a lessee accounts for COVID-19 related rent concessions, and a lessee may elect not to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications. A lease that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this standard if the change were not a lease modification.

**Amendments to Ind AS 109, Financial Instruments**

The amendments require an entity to assume that the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.

For discontinued hedging relationships also, the above assumption is applied while determining whether the hedged future cash flows are expected to occur.

In order to determine whether the hedged future cash flows are expected to occur, an entity should assume that the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.

The amendments require an entity to assess whether the economic relationship between the hedged item and the hedging instrument exists based on the assumptions that the interest rate benchmark on which the hedged item and the hedging instrument are based is not altered as a result of IBOR reform.

The amendment requires entities with hedges affected by the IBOR reform to apply the separately identifiable requirement only at the inception of the hedging relationship. A similar exception is also provided for redesignation of hedged items in hedges where designation and redesignation take place frequently.

A hedged item that has been assessed at the time of its initial designation in the hedging relationship, whether it was at the time of the hedge inception or subsequently, is not reassessed at any subsequent redesignation in the same hedging relationship.

**Amendments to Ind AS 107, Financial Instruments: Disclosures**

The amendments introduced following disclosures to be made by an entity in respect of hedging relationships to which it applies the exceptions provided under Ind AS 109 (interest rate benchmark reform):

- a. Significant interest rate benchmarks to which the entity's hedging relationships are exposed
- b. Extent of the risk exposure the entity manages that is directly affected by the interest rate benchmark reform
- c. How the entity is managing the process to transition to alternative benchmark rates
- d. A description of significant assumptions or judgements the entity made (for example, assumptions or judgements about when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows) and
- e. The nominal amount of the hedging instruments in those hedging relationships.

Further, as per the amendments, an entity is not required to present the quantitative information required by paragraph 28(f) of Ind AS 8, in the reporting period in which it first applies interest rate benchmark reform.



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**Note 3 - Property, Plant and Equipment**

Property, plant and equipment comprise the following:

**Particulars**

**Gross Block**

**Balance as at 1 April 2017** 0.01

- Other acquisitions -

- Disposals/ Transfers/ adjustments -

**Balance as at 31 March 2018** 0.01

**Accumulated Depreciation**

**Balance as at 1 April 2017** 0.00

- Depreciation charge for the year 0.00

- Disposals/ Transfers/ adjustments -

**Balance as at 31 March 2018** 0.00

**Carrying value**

**As at 1 April 2017** 0.01

**As at 31 March 2018** 0.01

**NOTE 4 - INVENTORIES**

**Particulars**

**As at**  
**31 March 2018**

Finished goods 0.38

**Total** 0.38





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**NOTE 5 - CURRENT FINANCIAL ASSETS**

**(i) TRADE RECEIVABLES**

<b>Particulars</b>	<b>As at 31 March 2018</b>
<b>Unsecured</b>	
Considered good	0.31
<b>Total</b>	<b>0.31</b>

The trade receivables have been recorded at their respective carrying amounts and are not considered to be materially different from their fair values as these are expected to realise within a short period from the date of balance sheet. All of the Company's trade receivables have been reviewed for indications of impairment.

**(ii) CASH AND CASH EQUIVALENTS**

<b>Particulars</b>	<b>As at 31 March 2018</b>
Balances with banks in current accounts and Exchange Earner's Foreign Currency (EEFC) accounts	0.06
Cash on hand	0.01
<b>Total</b>	<b>0.07</b>

**(iii) OTHER CURRENT FINANCIAL ASSETS**

<b>Particulars</b>	<b>As at 31 March 2018</b>
Security deposits-unsecured, considered good	0.08
<b>Total</b>	<b>0.08</b>



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**NOTE 6- TAXES**

Particulars	Year ended 31 March 2018
Current income tax expense	-
Deferred income tax expense	4.21
Minimum Alternate Tax (MAT) Credit (Entitlement)/Utilization	-
<b>Total</b>	<b>4.21</b>

The relationship between the expected tax expense based on the applicable tax rate of the Company and the tax expense actually recognised in the statement of profit and loss can be reconciled as follows:

Particulars	Year ended 31 March 2018
<b>Income tax expense at tax rates applicable</b>	<b>(0.03)</b>
Deferred tax asset not created on current year loss	0.03
Impact of reversal of deferred tax asset	4.21
<b>Actual tax expense (net)</b>	<b>4.21</b>

**For the year ended 31 March 2018:**

Particulars	As at 1 April 2017	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at 31 March 2018
<b>Deferred tax assets</b>				
Unabsorbed depreciation and carried forward business loss	4.21	(4.21)	-	-
<b>Total</b>	<b>4.21</b>	<b>(4.21)</b>	-	-
<b>Net deferred income tax asset</b>	<b>4.21</b>	<b>(4.21)</b>	-	-

In assessing the reliability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable including taxable temporary difference in the future periods are reduced.





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**NOTE 7 - EQUITY AND RESERVES**

**a) Ordinary shares**

The Company presently has only one class of ordinary shares. For all matters submitted to vote in the shareholders meeting, every holder of ordinary shares, as reflected in the records of the Company on the date of the shareholders' meeting, has one vote in respect of each share held. All shares are equally eligible to receive dividends and the repayment of capital in the event of liquidation of the Company.

The Company has an authorised share capital of 10,000 equity shares of Rs.10 each.

**b) Reserves**

**Reserves** - Accumulated earnings include all current and prior period profits as disclosed in the statement of profit and loss.



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**NOTE 8 - EQUITY SHARE CAPITAL**

	As at 31 March 2018	
	No. of Shares	Amount
<b>(a) Share capital</b>		
<b>Authorised</b>		
Equity Shares of Rs. 10 each	10,000	0.10
<b>Issued, subscribed and fully paid-up equity shares of Rs. 10 each</b>		
<b>At the beginning of the year</b>	<b>10,000</b>	<b>0.10</b>
Add: Issued during the year	-	-
-Loan conversion to Equity	-	-
-Preferential Issue	-	-
<b>At the end of the year (A)</b>	<b>10,000.00</b>	<b>0.10</b>
<b>Other equity (B)</b>		<b>(14.08)</b>
<b>Total Equity (A+B)</b>		<b>(13.98)</b>

	As at 31 March 2018	
	% of Holding	No. of Shares
<b>(b) List of shareholders holding more than 5% shares</b>		
Ashwin Jain	33.33%	3,333
Damanjit Singh	33.33%	3,333
Sanjay Desai	33.34%	3,334





**Glenmark Life Sciences Limited**  
**Notes to the Financial Statement**

(All amounts in million of Indian Rupees, unless otherwise stated)

**(c) Right, Preference and restriction on shares**

The Company presently has only one class of ordinary equity shares. For all matters submitted to vote in the shareholders meeting, every holder of ordinary equity shares, as reflected in the records of the Company on the date of the shareholders' meeting, has one vote in respect of each share held. All shares are equally eligible to receive dividends and the repayment of capital in the event of liquidation of the Company.

**(d) Issue of bonus shares and sub-division of shares after the reporting date**

i) As per recommendation of Board of directors dated 23 February 2021 and approval of Shareholders dated 8 March 2021, the Company has increased its authorised share capital to Rs. 460 million consisting of 40,000,000 equity shares of face value of Rs. 10 each and 600,000 Cumulative Convertible Preference Shares of Rs. 100 each.

ii) Further, as per the recommendation of the Board of Directors dated 10 March 2021 and approval of the shareholders dated 26 March 2021, the existing equity shares are sub-divided into 200,000,000 equity shares of face value of Rs. 2 each. Pursuant to this resolution the existing issued, paid up and subscribed share capital of the Company stands subdivided to 9,800,450 equity shares of Rs. 2 each.

iii) Further, as per recommendation of the Board of Directors dated 10 March 2021 and approval of the shareholders dated 26 March 2021, the Company has issued 98,004,500 bonus equity shares of face value of Rs. 2 each in ratio of 10:1 (i.e. 10 Bonus Shares for every 1 Equity Share). Consequently, the issued, subscribed and paid-up share capital has increased to Rs. 215.61 million comprising of 107,804,950 equity shares of face value of Rs. 2 each.

These shares are retrospectively considered for the computation of basic and diluted EPS.



**Glenmark Life Sciences Limited**  
**Notes to the Financial Statement**

(All amounts in million of Indian Rupees, unless otherwise stated)

**NOTE 9 - CURRENT FINANCIAL LIABILITIES**

**(i) TRADE PAYABLES**

<b>Particulars</b>	<b>As at 31 March 2018</b>
Trade payables outstanding dues to creditors other than micro, small and medium enterprises	0.13
<b>Total</b>	<b>0.13</b>

**(ii) OTHER CURRENT FINANCIAL LIABILITIES**

<b>Particulars</b>	<b>As at 31 March 2018</b>
Payable to related parties	14.50
<b>Total</b>	<b>14.50</b>

Changes in liability arising from financing activity are as follows-

<b>Particulars</b>	<b>As at 31 March 2018</b>
Beginning balance	9.65
Borrowings made during the period	6.37
Amount repaid during the period	(1.52)
<b>Closing balance</b>	<b>14.50</b>

**NOTE 10 - OTHER CURRENT LIABILITIES**

<b>Particulars</b>	<b>As at 31 March 2018</b>
Other liabilities	0.10
<b>Total</b>	<b>0.10</b>

**NOTE 11 - PROVISIONS**

<b>Particulars</b>	<b>As at 31 March 2018</b>
<b>Provisions for employee benefits :</b>	
Provision for gratuity	0.10
<b>Total</b>	<b>0.10</b>





**Glenmark Life Sciences Limited**  
**Notes to the Financial Statement**

(All amounts in million of Indian Rupees, unless otherwise stated)

**NOTE 12- REVENUE FROM OPERATIONS**

<b>Particulars</b>	<b>Year ended 31 March 2018</b>
Sale of products	2.33
Other operating revenue	0.15
<b>Total</b>	<b>2.48</b>

**Disaggregation of revenue :**

The Company's revenue disaggregated by primary geographical markets is as follows:

<b>Geographical area</b>	<b>Year ended 31 March 2018</b>
Within India	2.48
Outside India	-
<b>Total</b>	<b>2.48</b>

**Reconciliation of the amount of revenue recognised in the  
income statement with the contracted price**

<b>Particulars</b>	<b>Year ended 31 March 2018</b>
Revenue as per contracted price	2.48
Less: Trade discounts, sales and expiry returns	-
<b>Revenue from contract with customers</b>	<b>2.48</b>



**Glenmark Life Sciences Limited**  
**Notes to the Financial Statement**

(All amounts in million of Indian Rupees, unless otherwise stated)

**NOTE 13- COST OF MATERIALS CONSUMED**

<b>Particulars</b>	<b>Year ended 31 March 2018</b>
Consumption of raw material and packing material	0.38
<b>Total</b>	<b>0.38</b>

**NOTE 14- CHANGES IN INVENTORIES OF WORK-IN-PROCESS**

<b>Particulars</b>	<b>Year ended 31 March 2018</b>
(Increase)/Decrease in stock of finished goods, work-in-process	0.46
<b>Total</b>	<b>0.46</b>
(Increase)/Decrease in stocks	
At the year end	
Finished goods	0.38
Work-in-process	-
	0.38
At the beginning of the year	
Finished goods	0.84
Work-in-process	-
	0.84
<b>Changes</b>	<b>0.46</b>

**NOTE 15- EMPLOYEE BENEFIT EXPENSE**

<b>Particulars</b>	<b>Year ended 31 March 2018</b>
Salaries, wages and bonus	1.53
<b>Total</b>	<b>1.53</b>

**NOTE 16 - OTHER EXPENSES**

<b>Particulars</b>	<b>Year ended 31 March 2018</b>
Other expenses	0.25
<b>Total</b>	<b>0.25</b>





**Glenmark Life Sciences Limited**  
**Notes to the Financial Statement**

(All amounts in million of Indian Rupees, unless otherwise stated)

**NOTE 17 - RELATED PARTY DISCLOSURES**

**a) Key Management Personnel**

Mr. Ashwin Jain (Non-executive Director till July 16, 2018)  
 Mr. Damanjit Singh (Non-Executive Director till July 16, 2018)  
 Mr. Sanjay Desai (Non-Executive Director till July 16, 2018)

**b) Related party transaction**

		Year ended 31 March 2018
1	<b>Sale of materials &amp; services</b> Apara Agencies (effective till July 16, 2018)	2.33
2	<b>Loan taken from related parties</b> <b>Loan taken from directors/shareholders</b> Mr. Ashwin Jain (effective till July 16, 2018) Mr. Sanjay Desai (effective till July 16, 2018)	1.17 5.20
3	<b>Loan repaid to related parties</b> <b>Loan repaid to the directors/shareholders</b> Mr. Ashwin Jain (effective till July 16, 2018)	1.52

**c) Related party balances**

		As at 31 March 2018
1	<b>Receivable/(Payable) from/ (to) subsidiary companies/enterprise</b> Mr. Ashwin Jain (effective till July 16, 2018) Mr. Damanjit Singh (effective till July 16, 2018) Mr. Sanjay Desai (effective till July 16, 2018) Apara Agencies (effective till July 16, 2018)	(4.63) (3.77) (6.10) 0.31



**Glenmark Life Sciences Limited**  
**Notes to the Financial Statement**

(All amounts in million of Indian Rupees, unless otherwise stated)

**NOTE 18 - EARNINGS PER SHARE (EPS)**

The basic earnings per share has been calculated using the net profits attributable to equity shareholders.

Calculation of basic and diluted EPS is as follows:

Particulars	Year ended 31 March 2018
Profit attributable to equity shareholders, for basic and diluted	(4.34)
Weighted average number of shares outstanding during the year end	10,000
<b>Equity shares post split and bonus</b>	
Weighted average number of shares outstanding during the year for basic EPS	550,000
Weighted average number of shares outstanding during the year for diluted EPS	550,000
<b>Basic (in Rs)</b>	<b>(7.89)</b>
<b>Diluted (in Rs)</b>	<b>(7.89)</b>

**NOTE 19 - SEGMENT REPORTING**

**Business segment:**

The Chief Operating Decision Maker ("CODM") reviews the financial performance, has been identified as the Managing Director (MD) of the company. The company has identified only one segment i.e. API as reporting segment based on the information reviewed by CODM.

**Geographical information:**

Geographical segment disclosure given below are based on location of the company's customers in case of revenue. The disclosure of carrying amount of segment assets are based on geographical location of segment assets.

- 1 Within India
- 2 Outside India

**Information about revenues by geography :**

Particulars	Year ended 31 March 2018
<b>(a) Revenue from external customers</b>	
Within India	2.48
Outside India	-
	<b>2.48</b>
<b>As at 31 March 2018</b>	<b>India</b>
Tangible Assets	0.01
Intangible Assets	-
<b>Total</b>	<b>0.01</b>

**NOTE 20 - COMMITMENTS AND CONTINGENCIES**

Particulars	As at 31 March 2018
<b>(i) Contingent Liabilities</b>	
<b>Claims against the Company not acknowledged as debts</b>	
Disputed taxes and duties	-

**(ii) Commitments**

Estimated amount of contracts remaining to be executed on capital account, net of advances, not provided for as at 31 March 2018 - NIL.





**Glenmark Life Sciences Limited**  
**Notes to the Financial Statement**

(All amounts in million of Indian Rupees, unless otherwise stated)

**NOTE 21- FAIR VALUE MEASUREMENTS**

**Financial instruments by category**

Particulars	As at 31 March 2018			
	FVTPL	Amortised cost	Total carrying value	Total fair value
<b>Financial assets</b>				
Non-current financial assets	-	-	-	-
Trade receivables	-	0.31	0.31	0.31
Cash and cash equivalents	-	0.07	0.07	0.07
Investments	-	-	-	-
Other current financial assets	-	0.08	0.08	0.08
<b>Total</b>	-	<b>0.46</b>	<b>0.46</b>	<b>0.46</b>
<b>Financial Liabilities</b>				
Trade payables	-	0.13	0.13	0.13
Short term borrowings	-	-	-	-
Other current financial liabilities	-	14.50	14.50	14.50
<b>Total</b>	-	<b>14.63</b>	<b>14.63</b>	<b>14.63</b>

Trade receivables comprise amounts receivable from the sale of goods and services.

The management considers that the carrying amount of trade and other receivables approximates

Bank balances and cash comprise cash and short-term deposits held by the Company. The carrying amount of these assets approximates their fair value.

Trade and other payables principally comprise amounts outstanding for trade purchases and on-going costs. The management considers that the carrying amount of trade payables approximates to their fair value.

Fair value hierarchy :

Level 2 : All FVTPL financial assets are classified under level 2 of fair value hierarchy.

Level 3 : All amortised cost financial assets and liabilities are classified under level 3 of fair value hierarchy.



**Glenmark Life Sciences Limited**  
**Notes to the Financial Statement**

(All amounts in million of Indian Rupees, unless otherwise stated)

**NOTE 22- RISK MANAGEMENT OBJECTIVES AND POLICIES**

**Credit risk analysis**

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the date of the balance sheet, as summarised below:

<b>Particulars</b>	<b>31 March 2018</b>
Cash & cash equivalents	0.07
Trade receivables	0.31
Current financial assets	0.08
Non current financial assets	-
<b>Total</b>	<b>0.46</b>

Trade receivables are usually due within 60-180 days. Generally and by practice most customers enjoy a credit period of approximately 180 days and are not interest bearing, which is the normal industry practice. All trade receivables are subject to credit risk exposure. However, the Company does not identify specific concentrations of credit risk with regard to trade and other receivables, as the amounts recognised represent a large number of receivables from various customers.

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by each business segment through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables.





**Glenmark Life Sciences Limited**  
**Notes to the Financial Statement**

(All amounts in million of Indian Rupees, unless otherwise stated)

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

<b>Particulars</b>	<b>As at</b>
	<b>31 March 2018</b>
Outstanding for more than 6 months	-
Others	0.31
<b>Total</b>	<b>0.31</b>

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by the Company, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

The Company's management considers that all the above financial assets that are not impaired for each of the reporting dates and are of good credit quality, including those that are past due. None of the Company's financial assets are secured by collateral or other credit enhancements.

In respect of trade and other receivables, the Company's credit risk exposure towards any single counterparty or any group of counterparties having similar characteristics is considered to be negligible. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.



**Glenmark Life Sciences Limited**  
**Notes to the Financial Statement**

(All amounts in million of Indian Rupees, unless otherwise stated)

**Liquidity risk analysis**

The Company manages its liquidity needs by carefully monitoring cash-outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly.

The Company maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding in regards to long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Company's liabilities have contractual maturities which are summarised below:

**As at 31 March 2018**

	<b>Current</b> <b>Within 1 year</b>	<b>Non-Current</b> <b>1 to 5 years</b>
Trade payable	0.13	-
Short term borrowings	-	-
Other current financial liabilities	14.50	-
<b>Total</b>	<b>14.63</b>	<b>-</b>

**NOTE 23 - CAPITAL MANAGEMENT POLICIES AND PROCEDURES**

The Company objectives when managing capital are to safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal structure to reduce the cost of capital. In order to maintain or adjust the Capital structure, the Company may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell new assets to reduce debt.

Net Debt = total borrowings less cash and cash equivalent. Total 'equity' as shown in the balance sheet.

	<b>31 March 2018</b>
Total debt	-
Less: Cash & cash equivalents	0.07
<b>Net debt</b>	<b>(0.07)</b>
<b>Total Equity</b>	<b>(13.98)</b>





**Glenmark Life Sciences Limited**  
**Notes to the Financial Statement**

(All amounts in million of Indian Rupees, unless otherwise stated)

**Note 24 - EVENTS OCCURRING AFTER THE REPORTING PERIOD**

a) On 10 July 2018 Glenmark Pharmaceuticals Limited (the parent company) obtained control of the Company by acquiring the 100% shareholding from its shareholders.

b) On 1 January 2019, the API business of the parent company comprising of, inter alia, the manufacturing facilities, movable assets, intellectual property, employees and all the liabilities attributable to the API was sold and spun off into our Company (the "Spin-off")

c) As per recommendation of Board of directors dated 23 February 2021 and approval of Shareholders dated 8 March 2021, the Company has increased its authorised share capital to Rs. 460 million consisting of 40,000,000 equity shares of face value of Rs. 10 each and 600,000 Cumulative Convertible Preference Shares of Rs. 100 each.

d) Further, as per the recommendation of the Board of Directors dated 10 March 2021 and approval of the shareholders dated 26 March 2021, the existing equity shares are sub-divided into 200,000,000 equity shares of face value of Rs. 2 each. Pursuant to this resolution the existing issued, paid up and subscribed share capital of the Company stands subdivided to 9,800,450 equity shares of Rs. 2 each.

e) Further, as per recommendation of the Board of Directors dated 10 March 2021 and approval of the shareholders dated 26 March 2021, the Company has issued 98,004,500 bonus equity shares of face value of Rs. 2 each in ratio of 10:1 (i.e. 10 Bonus Shares for every 1 Equity Share). Consequently, the issued, subscribed and paid-up share capital has increased to Rs. 215.61 million comprising of 107,804,950 equity shares of face value of Rs. 2 each.

f) As per the recommendation by Nomination and Remuneration Committee ("the Committee") on 6 April 2021 and approval of Board of Directors on 6 April 2021, subject to Shareholders approval at General meeting, the Committee to grant up to 1,078,050 Employee Stock Options to the Employees, in one or more tranches, from time to time under the Glenmark Life Sciences Limited - Employee Stock Option Plan 2021 ("ESOP 2021"), being exercisable into not exceeding 1,078,050 equity shares of a face value of Rs. 2 each fully paid-up, with each such Option conferring a right upon the Employee to be issued one Share of the Company, in accordance with the terms and conditions of such Grant.

Options granted under ESOP 2021 shall in respect of each Option Grantee vest within the minimum period of 1 year and maximum period of 6 years from the date of Grant of such Options to the Option Grantee.

g) Pursuant to a letter of extension dated 31 March 2021, the period of payment of the purchase consideration relating to acquisition of API business payable to the parent company has been extended to 31 March 2022.



**Glenmark Life Sciences Limited**  
**Notes to the Financial Statement**  
(All amounts in million of Indian Rupees, unless otherwise stated)

**NOTE 25 - AUTHORIZATION OF RESTATED FINANCIAL INFORMATION**

The financial statements for the year ended 31 March 2018 were approved by the Board of Directors on 06 April 2021.

As per our report of even date.

**For Walker Chandok & Co LLP**  
Chartered Accountants  
Firm Registration Number: 001076N/N500013



**Ashish Gupta**  
Partner  
Membership Number: 504662

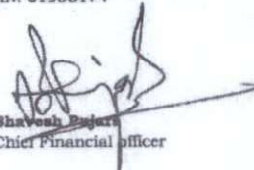
Place: New Delhi  
Date: 06 April 2021

**For and on behalf of the Board of Directors**

Glenmark Life Sciences Limited



**Yasir Rawjee**  
Managing Director & CEO  
DIN: 01965174



**Shivash Bajaj**  
Chief Financial officer  
Place: Mumbai  
Date: 06 April 2021



**V S Mami**  
Director  
DIN: 01082878



**Rudolf Corriea**  
Company Secretary &  
Compliance Officer

