

INDEPENDENT AUDITOR'S REPORT

To the Members of Gland Pharma Limited

Report on the Audit of the Ind AS Financial Statements**Opinion**

We have audited the accompanying Ind AS financial statements of Gland Pharma Limited ("the Company"), which comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

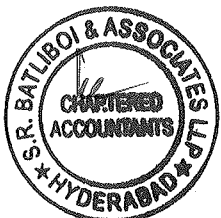
We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS 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 audit opinion on the Ind AS financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Directors' report, but does not include the Ind AS financial statements and our auditor's report thereon.

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

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



Responsibility of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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.

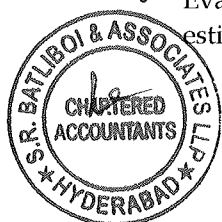
Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Ind AS financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



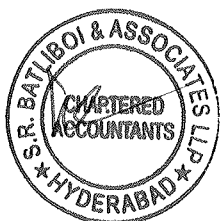
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS 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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 41 to the Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Navneet Rai Kabra

Partner

Membership Number: 102328

UDIN: 20102328AAAABK9576



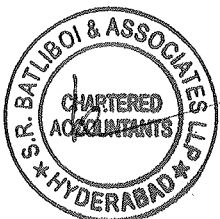
Place of Signature: Hyderabad

Date: June 03, 2020

ANNEXURE 1, REFERED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

Re: Gland Pharma Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) All property, plant and equipment were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company and hence not commented upon.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of Active Pharmaceutical Ingredients and Formulations including Intermediates and services of contract research, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.



- (c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount demanded (Rs. In Mn)	Amount paid under dispute (Rs. In Mn)	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service Tax (including interest and penalty)	3.85	3.85	April 2014 to March 2015	High Court, Hyderabad
Finance Act, 1994	Service Tax	0.94	-	April 2015 to March 2016	Principal Commissioner of Central Tax, Hyderabad
Andhra Pradesh Value Added Tax Act, 2005	Value Added Tax	1.73	1.73	April 2012 to March 2014	Telangana VAT Appellate Tribunal, Hyderabad
Andhra Pradesh Value Added Tax Act, 2005	Value Added Tax	3.57	-	April 2014 to March 2017	Appellate Deputy Commissioner, Hyderabad
Entry Tax of Goods and Local Areas Act, 2001	Entry Tax	44.40	22.20	April 2011 to March 2017	High Court, Hyderabad
Entry Tax of Goods and Local Areas Act, 2001	Entry Tax	2.60	0.64	April 2017 to June 2017	High Court, Hyderabad
Income Tax Act, 1961	Income Tax	16.76	16.76	Financial year April 2016 to March 2017	Commissioner of Income-tax (Appeals)

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of sales tax loan to the government. The Company has no outstanding dues in respect of financial institutions, banks and debenture holders.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans. Hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. BATLIBOI & ASSOCIATES LLP

ICAI Firm registration number: 101049W/E300004

Chartered Accountants


per Navneet Rai Kabra

Partner

Membership No.: 102328

UDIN: 20102328AAAABK9576



Place: Hyderabad

Date: June 03, 2020

ANNEXURE-2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF GLAND PHARMA LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Gland Pharma Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

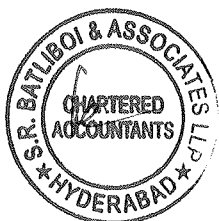
The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Ind AS financial statements.



Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Ind AS Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these Ind AS financial statements and such internal financial controls over financial reporting with reference to these Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Navneet Rai Kabra

Partner

Membership Number: 102328

UDIN: 20102328AAAABK9576



Place of Signature: Hyderabad

Date: June 03, 2020

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	9,671.49	9,287.43
Capital work in progress	3	1,884.66	1,231.62
Right-of-use assets	4	9.51	-
Financial assets			
Other financial assets	6	69.15	64.26
Tax assets (net)	8	14.51	189.59
Other non-current assets	9	748.17	878.37
		12,397.49	11,651.27
Current assets			
Inventories	10	7,562.79	9,118.76
Financial assets			
Loans	5	4.96	2.75
Trade receivables	7	6,017.85	5,061.00
Cash and cash equivalents	11	1,694.97	2,364.02
Bank balances other than cash and cash equivalents	12	11,556.96	5,169.47
Other financial assets	6	151.01	70.99
Tax assets (net)	8	95.35	-
Other current assets	9	1,379.01	1,787.57
		28,462.90	23,574.56
Total Assets		40,860.39	35,225.83
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	154.95	154.95
Other equity	14	36,307.40	28,466.18
		36,462.35	28,621.13
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	15	40.69	49.60
Other financial liabilities	17	26.58	152.01
Deferred tax liability (net)	18	740.54	1,076.30
		807.81	1,277.91
Current liabilities			
Financial liabilities			
Trade payables			
Total outstanding dues of micro, small and medium enterprises	16	33.15	14.28
Total outstanding dues of creditors other than micro, small and medium enterprises		2,457.79	4,447.70
Other financial liabilities	17	303.79	218.92
Provisions	19	174.79	28.81
Current tax liabilities (net)	20	107.23	110.04
Other current liabilities	21	513.48	507.04
		3,590.23	5,326.79
Total equity and liabilities		40,860.39	35,225.83

Summary of significant accounting policies

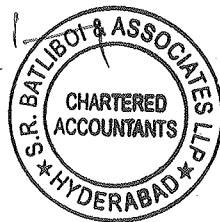
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The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

for S.R.BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W/E300004

Navneet Rai
per Navneet Rai Kabra
Partner
Membership No. 102328



Place: Hyderabad
Date: June 03, 2020

for and on behalf of the Board of Directors
Gland Pharma Limited

S. Srinivas
Srinivas Sadu
Managing Director and
Chief Executive Officer
DIN: 06900659

Mohd Ali Mohammed
Mohd Ali Mohammed
Independent Director
DIN: 00699254

P. Sampath Kumar
P. Sampath Kumar
Company Secretary

Ravi Shekhar Mitra
Ravi Shekhar Mitra
Chief Financial Officer

Place: Hyderabad
Date: June 03, 2020

Gland Pharma Limited
CIN: U24239TG1978PLC002276

Statement of profit and loss for the year ended March 31, 2020

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

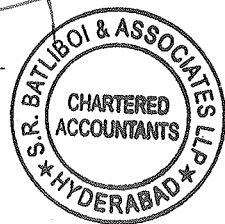
	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
INCOME			
Revenue from operations	22	26,332.40	20,442.03
Other income	23	1,391.68	855.64
Total income (I)		27,724.08	21,297.67
EXPENSES			
Cost of materials consumed	24	10,902.54	9,548.91
Purchase of traded goods		186.73	162.84
Increase in inventories of finished goods, stock-in-trade and work-in-progress	25	(69.04)	(1,141.54)
Power and fuel		785.00	740.34
Employee benefits expense	26	2,776.62	2,229.49
Depreciation expense	29	945.87	819.59
Finance expenses	28	71.82	35.60
Other expenses	27	2,195.88	1,838.87
Total expenses (II)		17,795.42	14,234.10
Profit before exceptional items and tax (III) = (I-II)		9,928.66	7,063.57
Exceptional items (IV)			
Employee separation compensation	44	-	200.00
Profit before tax (V) = (III-IV)		9,928.66	6,863.57
Tax expenses			
Current tax		2,513.97	2,212.26
Deferred tax (credit)/charge (refer note 45)		(318.21)	119.99
Taxes for earlier years		4.32	12.25
Total tax expense (VI)		2,200.08	2,344.50
Profit for the year (VII) = (V-VI)		7,728.58	4,519.07
OTHER COMPREHENSIVE INCOME (OCI)			
Other comprehensive income not to be reclassified to profit or loss in subsequent years:			
Re-measurement loss on employee defined benefit plans		69.75	3.32
Deferred tax income on remeasurement of defined benefit plans		(17.55)	(1.16)
Total other comprehensive loss for the year, net of tax (VIII)		52.20	2.16
Total comprehensive income for the year, net of tax (IX)=(VII-VIII)		7,676.38	4,516.91
Earnings per share:			
Basic, computed on the basis of profit attributable to equity holders	31	49.88	29.16
Diluted, computed on the basis of profit attributable to equity holders		49.88	29.16
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

for S.R.BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W/E300004

Navneet Rai
per Navneet Rai Kabra
Partner
Membership No. 102328



Place: Hyderabad
Date: June 03, 2020

for and on behalf of the Board of Directors
Gland Pharma Limited

S. Srinivas
Srinivas Sadu
Managing Director and
Chief Executive Officer
DIN: 06900659

Mohab Ali Mohammed
Mohab Ali Mohammed
Independent Director

DIN: 00699254

P. Sampath Kumar
P. Sampath Kumar
Company Secretary

Ravi Shekhar Mitra
Ravi Shekhar Mitra
Chief Financial Officer

Place: Hyderabad
Date: June 03, 2020

Gland Pharma Limited

CIN: U24239TG1978PLC002276

Statement of Changes in Equity for the year ended March 31, 2020

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

a. Equity share capital

Equity shares of Re. 1 each (March 31, 2019 Rs.10 each) , issued, subscribed and fully paid	No.	Rs.
As at April 01, 2018	15,494,949	154.95
Add: Issued during the year	-	-
As at March 31, 2019	15,494,949	154.95
Add: Issued during the year	-	-
Increase in number of shares on account of subdivision (refer note 13(g))	139,454,541	-
As at March 31, 2020	154,949,490	154.95

b. Other equity

	Reserves and surplus					Other comprehensive income	Total
	Securities premium	Capital redemption reserve	General reserve	Share based payment reserve	Retained earnings	Re-measurement loss on employee defined benefit plans (net of tax)	
As at April 01, 2018	5,889.94	33.44	31.22	-	18,009.53	(14.86)	23,949.27
Profit for the year	-	-	-	-	4,519.07	-	4,519.07
Other comprehensive income	-	-	-	-	-	(2.16)	(2.16)
As at March 31, 2019	5,889.94	33.44	31.22	-	22,528.60	(17.02)	28,466.18
Profit for the year	-	-	-	-	7,728.58	-	7,728.58
Other comprehensive income	-	-	-	-	-	(52.20)	(52.20)
Employee stock option compensation expenses (refer note 33)	-	-	-	164.84	-	-	164.84
As at March 31, 2020	5,889.94	33.44	31.22	164.84	30,257.18	(69.22)	36,307.40

The accompanying notes are an integral part of the financial statements.

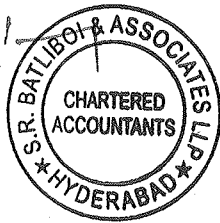
As per our report of even date attached

for S.R.BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number : 101049W/E300004

Navneet Rai
per Navneet Rai Kabra
Partner
Membership No. 102328



for and on behalf of the Board of Directors

Gland Pharma Limited

Srinivas Sadu

Srinivas Sadu
Managing Director and
Chief Executive Officer
DIN: 06900659

Moheb Ali Mohammed

Moheb Ali Mohammed
Independent Director

DIN: 00699254

P. Sampath Kumar

P. Sampath Kumar
Company Secretary

Ravi Shekhar Mitra

Ravi Shekhar Mitra
Chief Financial Officer

Place: Hyderabad
Date: June 03, 2020



Place: Hyderabad
Date: June 03, 2020

Gland Pharma Limited

CIN: U24239TG1978PLC002276

Statement of cash flows for the year ended March 31, 2020

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash flow from operating activities		
Profit before tax	9,928.66	6,863.57
Adjustments to reconcile profit before tax to net cash flows		
Depreciation expense	945.87	819.59
Allowance for credit losses	43.15	10.45
Bad debts written off	16.16	94.72
Interest expense	61.50	25.08
Finance charges on leases	1.01	-
Employee stock option compensation (refer note 33)	164.84	-
Unrealized foreign exchange (gain)/loss	(222.26)	45.36
Employee separation compensation	-	200.00
Profit on disposal of property, plant and equipment (net)	(173.93)	(0.85)
Interest income	(514.86)	(433.13)
Operating profit before working capital changes	10,250.14	7,624.79
Movements in working capital:		
Increase in trade receivables	(805.17)	(458.96)
Decrease/(Increase) in inventories	1,555.97	(3,990.46)
Increase in loans, deposits and others	(6.73)	(7.04)
Decrease/(Increase) in other assets	520.57	(296.69)
(Decrease)/Increase in trade payables and other financial liabilities	(2,146.73)	1,130.12
Increase in provisions and other liabilities	82.67	83.58
Cash generated from operations	9,450.72	4,085.34
Income tax paid (net of refunds)	(2,441.37)	(2,234.70)
Net cash flow from operating activities (A)	7,009.35	1,850.64
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,946.62)	(1,357.44)
Proceeds from disposal of property, plant and equipment	238.86	5.45
Investment in bank deposits (net)	(6,387.49)	(2,187.45)
Interest received	434.47	398.05
Net cash flow used in investing activities (B)	(7,660.78)	(3,141.39)
Cash flows from financing activities		
Repayment of long-term borrowings (refer note 15)	(5.30)	(4.25)
Payment towards interest portion of lease liabilities	(1.01)	-
Payment towards principal portion of lease liabilities	(0.90)	-
Interest paid	(61.50)	(25.08)
Net cash flows used in financing activities (C)	(68.71)	(29.33)
Net increase in cash and cash equivalents (A+B+C)	(720.14)	(1,320.08)
Effect of exchange differences on cash and cash equivalents held in foreign currency	51.09	(44.31)
Cash and cash equivalents at the beginning of the year	2,364.02	3,728.41
Cash and cash equivalents at the end of the year	1,694.97	2,364.02
Components of cash and cash equivalents		
Cash on hand	0.67	0.29
With banks in current account	1,394.70	1,600.77
With banks in deposit account	299.60	762.96
Total cash and cash equivalents (refer note 11)	1,694.97	2,364.02

Summary of significant accounting policies (refer note 2.1)

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

for S.R.BATLIBOI & ASSOCIATES LLP

Chartered Accountants

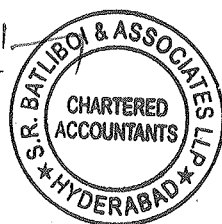
ICAI Firm Registration Number : 101049W/E300004

Navneet Rai

per Navneet Rai Kabra

Partner

Membership No. 102328



for and on behalf of the Board of Directors

Gland Pharma Limited

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Srinivas Sadu
Managing Director and
Chief Executive Officer
DIN: 06900659

Moheb Ali Mohammed
Independent Director

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Company Secretary

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Ravi Shekhar Mitra
Chief Financial Officer

Place: Hyderabad

Date: June 03, 2020



Place: Hyderabad

Date: June 03, 2020

Gland Pharma Limited

CIN: U24239TG1978PLC002276

Notes to the financial statements for the year ended March 31, 2020

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

1. Corporate information

Gland Pharma Limited ('the Company') is a public limited Company domiciled in India and is incorporated on March 20, 1978 under the provisions of the Companies Act applicable in India and is primarily engaged in manufacturing injectable formulations. The registered office of the Company is located at Sy No. 143-148,150,151, Near Gandimaisamma X Roads, D.P.Pally, Dundigal, Dundigal - Gandimaisamma Mandal, Hyderabad, Medchal - Malkajgiri district, Telangana, 500043.

The financial statements were approved for issue in accordance with a resolution of the Board of directors on June 03, 2020.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013.

The financial Statements have been prepared on a historical cost convention, except for certain financial assets, financial liabilities and share based payments which are measured at fair value. The financial statements are presented in INR and all values are rounded to the nearest millions (INR 1,000,000), except when otherwise indicated.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.1 Summary of significant accounting policies

(a) New standards adopted by the Company and amended standards

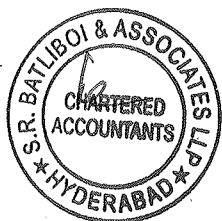
Ind AS 116, Leases

In March 2019, the Ministry of Corporate Affairs has notified IND AS 116, Leases, which is effective for accounting periods beginning on or after April 01, 2019. IND AS 116 supersedes IND AS 17, Leases and related appendices. The standard sets out principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and lessor. IND AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

Transition

Effective April 01, 2019, the Company has adopted Ind AS 116 "Leases" using the modified retrospective method. The Company also elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at April 01, 2019. Accordingly, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 at the date of initial application. The Company also applied the practical expedient wherein it applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application.

Consequently, the Company recorded the lease liability and the corresponding right of use asset at the present value of the lease payments discounted at the incremental borrowing rate. Comparatives as at and for the year ended March 31, 2019, have not been retrospectively adjusted and therefore will continue to be reported under IND AS 17.



Gland Pharma Limited

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Notes to the financial statements for the year ended March 31, 2020

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Several other amendments apply for the first time for the year ending March 31, 2020, but do not have an impact on the financial statements of the Company.

(b) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(c) Foreign currencies

The financial statements are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

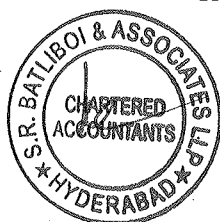
Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

(d) 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 by the Company.



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Notes to the financial statements for the year ended March 31, 2020

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

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

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

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

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

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

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

The Company's chief financial officer determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. Any change in the fair value of each asset and liability is also compared with relevant external sources to determine whether the change is reasonable.

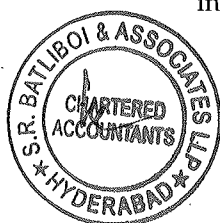
For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(e) Revenue recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Sale of products

Revenue from sale of goods is recognized at the point in time when control of the goods is transferred to the customer and is net of trade discounts, sales returns and sales tax and goods & service tax (GST), where applicable, and the additional amount of profit share in case of exclusive arrangement, is recognized based on the terms of the agreement entered into with the customers, in the period when the collectability of the profit share becomes probable and a reliable measure



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Notes to the financial statements for the year ended March 31, 2020

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

of the profit share is available. The point at which control passes is determined based on the terms and conditions by each customer arrangement, but generally occurs on dispatch to the customer.

Sale of services

Revenue from sale of dossiers/licenses/services is recognized in accordance with the terms of the relevant agreements and is net of goods and service tax (GST), where applicable as accepted and agreed with the customers.

These arrangements typically consist of an initial up-front payment on inception of the agreement and subsequent payments dependent on achieving certain milestones in accordance with the terms prescribed in the agreement. Non-refundable up-front amounts received in connection with these agreements are deferred and recognised over the period in which the Company has pending performance obligations. Milestone payments which are contingent on achieving certain milestones are recognised as revenues either on achievement of such milestones or over the performance period depending on the terms of the contract.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or the amount is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Interest income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Export benefits, incentives and licenses

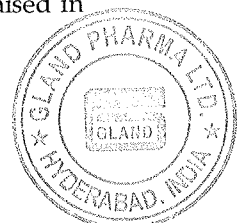
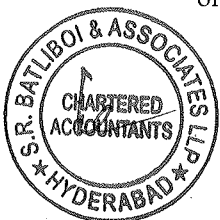
Export benefits on account of duty drawback and export promotion schemes are accrued and accounted in the period of export and are included in other operating revenue.

(f) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in



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Notes to the financial statements for the year ended March 31, 2020

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses

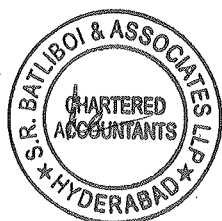
Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(g) Property, plant and equipment

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing



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Notes to the financial statements for the year ended March 31, 2020

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance or extends its estimated useful life.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

Depreciation

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management which are in line with Schedule II. The management has estimated, supported by independent assessment by professionals, the useful lives of the following classes of assets:

Asset	Useful lives estimated by the management (years)
Buildings	30
Tube wells	5
Plant and Equipment	8-20
Laboratory Equipment	10
Office Equipment	5
Furniture and fixtures	5-10
Vehicles	8-10
Computers	3-6

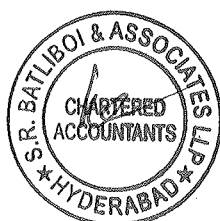
The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial period end and adjusted prospectively, if appropriate.

(h) Leases

Accounting policies relating to leases for the periods after March 31, 2019 are as follows:

The Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
 - the Company has the right to operate the asset; or
 - the Company designed the asset in a way that predetermines how and for what purpose it will be used.



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Notes to the financial statements for the year ended March 31, 2020

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, deferred lease components of security deposits and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. Refer to the accounting policies in section (j) Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

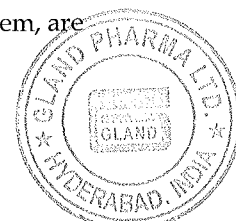
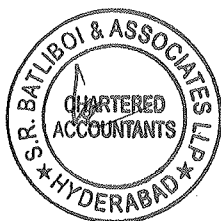
The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment's that are low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense in statement of profit and loss on straight line basis.

Accounting policies relating to leases for the period ending on or prior to March 31, 2019 are as follows:

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

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are



Gland Pharma Limited

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Notes to the financial statements for the year ended March 31, 2020

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(i) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on First in First Out (FIFO) basis.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials and packing material: Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.
- Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- Stores and spares and consumables are valued at the lower of cost and net realisable value.

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

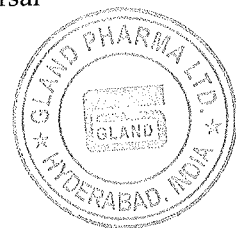
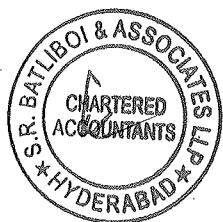
(j) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus. An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal



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Notes to the financial statements for the year ended March 31, 2020

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(k) Provisions, Contingent liabilities and Contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

(l) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

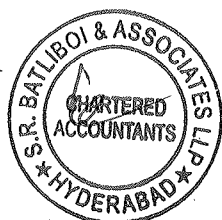
The cost of providing benefits under the defined benefit plan is determined based on projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:



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Notes to the financial statements for the year ended March 31, 2020

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

The Company treats accumulated leave, as a long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on an actuarial valuation using the projected unit credit method at the period-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire liability in respect of leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement beyond 12 months after the reporting date.

(m) Share - based payments

Some employees (including senior executives) of the company receive remuneration in the form of share-based payment, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

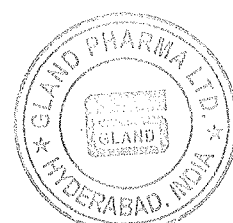
That cost is recognized, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognized is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.



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Notes to the financial statements for the year ended March 31, 2020

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

(n) Financial instruments

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

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially 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. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (e) Revenue recognition.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

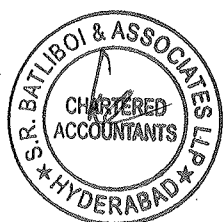
- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debts Instrument at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

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

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



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Notes to the financial statements for the year ended March 31, 2020

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Debts Instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debts Instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

The group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments:

All equity investments in scope of Ind AS 109 are measured at fair value.

Derecognition

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

- a) the rights to receive cash flows from the asset have expired, or
- b) the Company has transferred its rights to receive cash flows from the asset, and
 - i. the Company has transferred substantially all the risks and rewards of the asset, or
 - ii. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

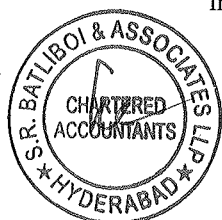
Impairment of financial assets

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

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits, trade receivables and bank balance
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

The Company recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss.



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Notes to the financial statements for the year ended March 31, 2020

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

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

The Company's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- i. Financial liabilities at fair value through profit or loss
- ii. Financial liability at amortised cost

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Reclassification of financial instruments

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

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

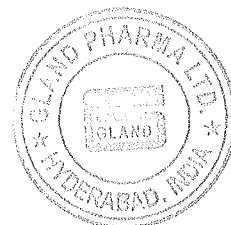
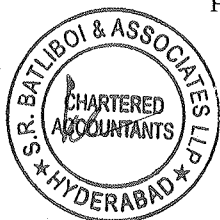
(o) Cash and cash equivalents

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

(p) Research and Development

Revenue expenditure on research and development is charged to Statement of Profit and Loss in the period in which it is incurred. Property, plant and equipment purchased for research and development is added to property, plant and equipment and depreciated in accordance with the policies of the Company.



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Notes to the financial statements for the year ended March 31, 2020

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

(q) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

(r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief executive officer is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as chief operating decision maker.

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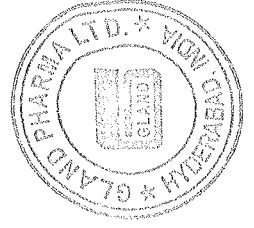
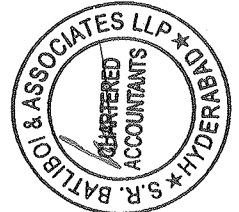
Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

3 Property, plant and equipment

Particulars	Freehold Land	Buildings	Plant and machinery	Laboratory equipment	Research and Development Equipment	Furniture and fixtures	Office equipment	Vehicles	Computers	Tubewells	Total
Gross carrying value											
As at April 1, 2018	292.81	2,126.51	7,086.06	409.56	237.31	180.35	52.66	33.09	124.66	1.49	10,544.52
Additions	-	133.59	1,195.00	160.07	85.58	38.71	13.29	25.00	35.23	-	1,686.47
Disposals	-	-	(7.15)	(9.68)	-	(5.67)	(4.08)	(8.13)	(0.53)	-	(55.24)
As at March 31, 2019	292.81	2,260.10	8,273.91	559.95	322.89	213.39	61.89	49.96	159.36	1.49	12,195.75
Additions	184.64	10.26	990.71	119.57	12.55	17.56	7.95	6.44	43.28	-	1,392.96
Disposals	(41.77)	(24.28)	(48.39)	(2.80)	(0.18)	(1.46)	(1.61)	(1.54)	-	-	(122.03)
As at March 31, 2020	435.68	2,246.08	9,216.23	676.72	335.26	229.49	68.23	54.86	202.64	1.49	13,466.68
Depreciation											
As at April 1, 2018	-	248.87	1,461.20	133.78	93.17	65.09	31.50	8.63	75.01	0.86	2,118.11
Charge for the year	-	92.41	576.72	49.43	35.88	22.14	8.83	7.23	26.65	0.30	819.59
Disposals	-	-	(4.98)	(9.69)	-	(5.23)	(3.93)	(5.21)	(0.34)	-	(29.38)
As at March 31, 2019	-	341.28	2,032.94	173.52	129.05	82.00	36.40	10.65	101.32	1.16	2,908.32
Charge for the year	-	93.14	671.56	66.94	38.37	25.10	9.72	7.94	30.99	0.21	943.97
Disposals	-	(5.47)	(44.35)	(2.80)	(0.18)	(1.38)	(1.61)	(1.31)	-	-	(57.10)
As at March 31, 2020	-	428.95	2,660.15	237.66	167.24	105.72	44.51	17.28	132.31	1.37	3,795.19
Net carrying value											
As at March 31, 2019	292.81	1,918.82	6,240.97	386.43	193.84	131.39	25.49	39.31	58.04	0.33	9,287.43
As at March 31, 2020	435.68	1,817.13	6,556.08	439.06	168.02	123.77	23.72	37.58	70.33	0.12	9,671.49

Capital Work in Progress : Rs. 1,884.66 (March 31, 2019: Rs. 1,231.62)



4 Right-of-use asset

	As at March 31, 2020
Right-of-use leasehold land	
Cost	
As at April 01, 2018	-
As at March 31, 2019	-
As at April 01, 2019	11.41
Additions	-
Disposals	-
As at March 31, 2020 (refer note 42)	11.41
Accumulated depreciation	
As at April 01, 2018	-
As at March 31, 2019	-
As at April 01, 2019	-
Charge for the year	1.90
Disposals	-
As at March 31, 2020	1.90
Net carrying value	
As at March 31, 2019	-
As at March 31, 2020	9.51

Financial assets

5 Loans

	Non-current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
(Unsecured, considered good)				
Other loans				
Loans to employees	-	-	4.96	2.75
	-	-	4.96	2.75

6 Other financial assets

	Non-current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
(Unsecured, considered good)				
Security deposits	69.15	64.26	3.23	3.60
Interest accrued on bank deposits and others	-	-	147.78	67.39
	69.15	64.26	151.01	70.99

7 Trade receivables

	As at March 31, 2020	As at March 31, 2019
Receivables from related parties (refer note 35)	113.28	7.21
Trade receivables from other parties	5,904.57	5,053.79
	6,017.85	5,061.00

No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person nor from firms or private companies respectively in which any director is a partner, a director or a member.

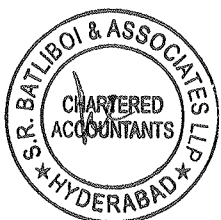
Trade receivables are non-interest bearing and are generally on terms of 30 - 120 days.

Breakup for security details

Considered good, unsecured	6,017.85	5,061.00
Credit impaired	53.60	10.45
Less: Allowance for credit losses	(53.60)	(10.45)
	6,017.85	5,061.00

The details of changes in allowance for credit losses is as follows:

	For the year ended March 31, 2020	For the year ended March 31, 2019
Balance at the beginning of the year	10.45	16.22
Provision made during the year, net of reversals	59.31	105.17
Trade receivables written off during the year and effect of changes in the foreign exchange rates	(16.16)	(110.94)
Balance at the end of the year	53.60	10.45



8 Tax assets

	Non-current		Current	
	As at	As at	As at	As at
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Advance income tax (net)	13.28	187.47	95.35	-
Income tax paid under protest	1.23	2.12	-	-
	14.51	189.59	95.35	-

9 Other assets

	Non-current		Current	
	As at	As at	As at	As at
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
(Unsecured, considered good)				
Capital advance	403.36	421.55	-	-
Advance recoverable in cash or in kind	-	-	150.74	108.36
Prepaid expenses	-	-	91.22	85.17
Export rebate claims receivable	-	-	22.10	21.06
Export incentives receivable	16.61	13.28	451.22	368.28
Balance with statutory/ government authorities	328.20	443.54	663.73	1,204.70
	748.17	878.37	1,379.01	1,787.57

10 Inventories (valued at lower of cost and net realisable value)

	As at	As at
	March 31, 2020	March 31, 2019
Raw materials and components**	3,024.35	4,276.99
Packing materials***	1,575.61	1,995.51
Finished goods*	687.33	426.50
Work-in-progress	1,976.86	2,168.65
Stores and spares	298.64	251.11
	7,562.79	9,118.76

*Includes stock in trade of Rs. 46.42 (March 31, 2019: Rs. 72.50)

**Includes goods in transit of Rs. 52.75 (March 31, 2019: Rs. 46.99)

***Includes goods in transit of Rs. 18.79 (March 31, 2019: Rs. 168.85)

11 Cash and cash equivalents

	As at	As at
	March 31, 2020	March 31, 2019
Cash on hand@	0.67	0.29
Balances with banks		
On current accounts	1,394.70	1,600.77
Deposits with original maturity of less than three months	299.60	762.96
	1,694.97	2,364.02

@Cash on hand includes Rs. 0.36 (March 31, 2019: Rs. NIL) held in foreign currency.

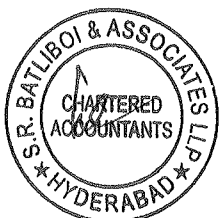
12 Bank balances other than cash and cash equivalents

	As at	As at
	March 31, 2020	March 31, 2019
Other deposit accounts		
Deposit with remaining maturity of less than 12 months	11,427.28	4,843.45
Margin money deposits#		
Deposit with remaining maturity of less than 12 months	129.68	326.02
	11,556.96	5,169.47

#Margin money deposits represent security held by bank including bank guarantees issued by the bankers on behalf of the Company.

Breakup of financial assets

	As at	As at
	March 31, 2020	March 31, 2019
Valued at amortised cost		
Loans and others	225.12	138.00
Trade receivables	6,017.85	5,061.00
Cash and cash equivalents	1,694.97	2,364.02
Bank balances other than cash and cash equivalents	11,556.96	5,169.47
Total financial assets carried at amortised cost	19,494.90	12,732.49



13 Equity share capital

	As at March 31, 2020	As at March 31, 2019
Authorised		
500,000,000 (March 31, 2019: 18,000,000 of Rs. 10/- each) equity shares of Re. 1 each	500.00	180.00
0.001 % 5,100,000 (March 31, 2019: 5,100,000) compulsorily convertible non cumulative preference shares of Rs. 10 each	51.00	51.00
0.001 % 1,200,000 (March 31, 2019: 1,200,000) redeemable convertible non cumulative preference shares of Rs. 10 each	12.00	12.00
	563.00	243.00
Issued, subscribed and fully paid up shares		
154,949,490 (March 31, 2019: 15,494,949 of Rs. 10/- each) equity shares of Re. 1 each	154.95	154.95
	154.95	154.95

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

Equity Shares	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	15,494,949	154.95	15,494,949	154.95
Issued during the year	-	-	-	-
Increase in number of shares on account of subdivision (refer note g)	139,454,541	-	-	-
	154,949,490	154.95	15,494,949	154.95

Aggregate number of shares bought back during the period of five years immediately preceding the reporting date:

Particulars	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Equity shares of Rs. 10 each	-	942,500	-	177,500	2,223,000

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Re. 1 (March 31, 2019 Rs. 10) per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company has not paid any dividend during the year ended March 31, 2020 and March 31, 2019.

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

(c) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates

Out of equity and preference shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/ associates are as below:

Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	Amount	No. of Shares	Amount
Fosun Pharma Industrial Pte. Ltd., Singapore (Refer note g)	114,662,620	114.66	11,466,262	114.66
	114,662,620	114.66	11,466,262	114.66

(d) Details of shareholders holding more than 5% shares in the Company (Refer note g)

Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	% holding	No. of Shares	% holding
Fosun Pharma Industrial Pte. Ltd., Singapore	114,662,620	74.00%	11,466,262	74.00%
Gland Celsus Bio-Chemicals Pvt Ltd.	20,094,870	12.97%	2,009,487	12.97%
RP Advisory Services Pvt Ltd being a Trustee of Empower Discretionary Trust	7,865,000	5.08%	786,700	5.08%

As per records of the Company, including its register of shareholders/ members, the above shareholding represents both legal and beneficial ownership of shares.

(e) No shares have been issued by the Company for consideration other than cash, during the period of five years immediately preceding the reporting date.

(f) Shares reserved for issue under options

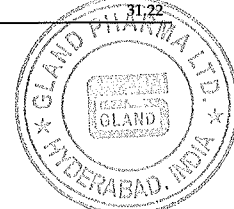
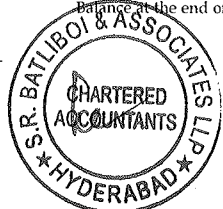
During the year, the Company has instituted "the Gland Pharma Employee Stock Option Scheme 2019" ("ESOP Scheme 2019") pursuant to approval of "the Gland Pharma Employee Stock Option Plan 2019" ("Plan"). The maximum number of shares that may be issued pursuant to the scheme shall not exceed 170,444 shares. Out of 170,444 shares, 154,950 shares were granted on June 27, 2019 (grant date) to the eligible employees. The aforementioned shares are before subdivision of equity shares (refer note g below).

(g) Subdivision of equity shares

- (i) On March 17, 2020 the equity shares of the Company having the face value of Rs. 10 (Rupees ten only) each were subdivided into 10 (ten) equity shares having a face value of Re. 1 (Rupee one only) each. Accordingly 15,494,949 equity shares of face value of Rs. 10 each were sub divided into 154,949,490 equity shares of face value of Re. 1 each.
- (ii) The earning per share in respect of current and previous year has been restated after considering the aforesaid sub division of shares.

14 Other equity

	As at March 31, 2020	As at March 31, 2019
Securities premium account		
Balance at the beginning of the year	5,889.94	5,889.94
Balance at the end of the year	5,889.94	5,889.94
Capital redemption reserve		
Balance at the beginning of the year	33.44	33.44
Balance at the end of the year	33.44	33.44
General reserve		
Balance at the beginning of the year	31.22	31.22
Balance at the end of the year	31.22	31.22



	As at March 31, 2020	As at March 31, 2019
Share based payment reserve		
Balance at the beginning of the year	-	-
Add: Shares based compensation to employees for the year (refer note 33)	164.84	-
Less: Exercise of stock options	-	-
Balance at the end of the year	164.84	-
Retained earnings		
Balance at the beginning of the year	22,528.60	18,009.53
Add: Profit for the year	7,728.58	4,519.07
Balance at the end of the year	30,257.18	22,528.60
Other comprehensive income		
Items recognised directly in Other comprehensive income		
Balance at the beginning of the year	(17.02)	(14.86)
Re-measurement loss on employee defined benefit plans (net of tax)	(52.20)	(2.16)
Balance at the end of the year	(69.22)	(17.02)
	36,307.40	28,466.18

Nature and purpose of reserves**Securities premium**

Securities premium reserve represents the premium received on issue of shares. It can be utilised to pay-off equity related expenses or for issuance of bonus shares and its related

Capital redemption reserve

Capital redemption reserve represents the amount of profits transferred from general reserve for the purpose of redemption of preference shares or for the buy back of shares.

General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid up share capital of the company for that year, then the total dividend distribution is less than total distributable reserve for that year. Consequent to introduction of the Companies Act 2013, the requirement to mandatorily transfer a specified percentage of net profit to general reserve has been with drawn. However the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

Share based payment reserve

Share based payment reserve is used to recognise the value of equity settled share based payments provided to employees as a part of their remuneration.

15 Borrowings

	Non-Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
From others (Unsecured)				
Deferred sales tax loan (refer note below)	40.69	49.60	8.91	5.30
	40.69	49.60	8.91	5.30
Less: Amount disclosed under the head "other current financial liabilities" (refer note. 17)	-	-	(8.91)	(5.30)
	40.69	49.60	-	-

Deferred sales tax is interest free and payable in 14 yearly unequal instalments starting from October 2012, as per the sales tax deferment scheme. The last instalment is payable in 2026-27.

16 Trade payables

	As at March 31, 2020	As at March 31, 2019
Valued at amortised cost		
Trade payables to third parties		
Due to micro, small and medium enterprises (refer note 34)	33.15	14.28
Other parties	2,285.37	4,359.49
Trade payables to related parties (refer note 35)	172.42	88.21
	2,490.94	4,461.98

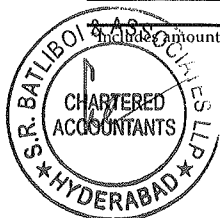
Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 30-120 day terms.

17 Other financial liabilities

	Non-Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Valued at amortised cost				
Lease liabilities (refer note 42)	9.25	-	1.26	-
Current maturities of non-current borrowings (refer note 15)	-	-	8.91	5.30
Capital creditors*	-	-	186.25	107.45
Trade deposits payable	-	-	7.37	6.17
Refund liability	17.33	52.01	-	-
Employee separation compensation payable	-	100.00	100.00	100.00
	26.58	152.01	303.79	218.92

* Includes amount payable to micro, small and medium enterprises of Rs. 16.34 (March 31, 2019: Rs. 27.14) (refer note 34)



Breakup of financial liabilities

	As at March 31, 2020	As at March 31, 2019
Valued at amortised cost		
Non current borrowings	40.69	49.60
Trade payables	2,490.94	4,461.98
Current maturities of non-current borrowings	8.91	5.30
Capital creditors	186.25	107.45
Trade deposits payable	7.37	6.17
Refund liability	17.33	52.01
Employee separation compensation payable	100.00	200.00
Lease liabilities	10.51	-
Total financial liabilities carried at amortised cost	2,862.00	4,882.51

Changes in liabilities arising from financing activities for the year ended March 31, 2020:

Particulars	As at April 01, 2019	Interest	Financing cash flows	As at March 31, 2020
Non-current borrowings (including current maturities)	54.90	-	(5.30)	49.60
Lease liabilities	11.41	1.01	(1.91)	10.51
Total liabilities from financing activities	66.31	1.01	(7.21)	60.11

Changes in liabilities arising from financing activities for the year ended March 31, 2019:

Particulars	As at April 01, 2018	Interest	Financing cash flows	As at March 31, 2019
Non current borrowings (including current maturities)	59.15	-	(4.25)	54.90
Total liabilities from financing activities	59.15	-	(4.25)	54.90

18 Deferred tax liability

	As at March 31, 2020	As at March 31, 2019
Deferred tax liability relating to		
Depreciation on Property, plant and equipment	801.00	1,092.64
	801.00	1,092.64
Deferred tax asset relating to		
Provision for employee benefits	47.19	12.69
Allowance for credit losses	13.02	3.65
Leases	0.25	-
	60.46	16.34
	740.54	1,076.30

For the year ended March 31, 2020:

	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
Depreciation on Property, plant and equipment	1,092.64	(291.64)	-	801.00
Leases	-	(0.25)	-	(0.25)
Provision for employee benefits	(12.69)	(16.95)	(17.55)	(47.19)
Allowance for credit losses	(3.65)	(9.37)	-	(13.02)
Deferred tax liability (net)	1,076.30	(318.21)	(17.55)	740.54

For the year ended March 31, 2019:

	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
Depreciation on Property, plant and equipment	970.38	122.26	-	1,092.64
Provision for employee benefits	(7.30)	(4.23)	(1.16)	(12.69)
Allowance for credit losses	(5.61)	1.96	-	(3.65)
Deferred tax liability (net)	957.47	119.99	(1.16)	1,076.30

19 Provisions

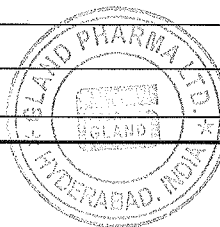
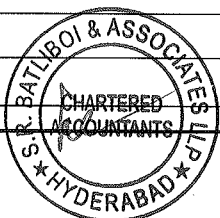
	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Provision for gratuity (refer note 32)	70.19	17.37
Provision for compensatory absences	104.60	11.44
	174.79	28.81

20 Current tax liabilities (net)

	As at March 31, 2020	As at March 31, 2019
Income tax (net of advance tax and tax deducted at source)	107.23	110.04
	107.23	110.04

21 Other current liabilities

	As at March 31, 2020	As at March 31, 2019
Statutory dues	171.17	117.87
Advances from customers	342.31	389.17
	513.48	507.04



22 Revenue from operations

	For the year ended March 31, 2020	For the year ended March 31, 2019
A. Revenue from contract with customers		
A1. Revenue from sale of goods		
- Domestic	3,013.94	2,269.74
- Export	20,205.64	15,543.18
(A1)	23,219.58	17,812.92
A2. Revenue from sale of services		
- Domestic	1,043.47	1,098.30
- Export	1,454.75	1,020.25
(A2)	2,498.22	2,118.55
Sub-total (A=A1+A2)	25,717.80	19,931.47
B. Other operating income		
- Export incentives	614.60	510.56
(B)	614.60	510.56
(A+B)	26,332.40	20,442.03

22A Revenue from contract with customers:

(i) Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers, excluding other operating income

	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations - Sale of goods	23,219.58	17,812.92
Revenue from operations - Sale of services	2,498.22	2,118.55
Total	25,717.80	19,931.47
India	4,057.41	3,368.04
Outside India	21,660.39	16,563.43
Timing of revenue recognition		
Services transferred over time	2,498.22	2,118.55
Goods transferred at a point of time	23,219.58	17,812.92
Total	25,717.80	19,931.47

(ii) Contract balances

	As at March 31, 2020	As at March 31, 2019
Trade receivables	6,017.85	5,061.00
Contract liabilities	342.31	389.17
	6,360.16	5,450.17
Refund liabilities		
	As at March 31, 2020	As at March 31, 2019
Revenue received in advance	17.33	52.01
	17.33	52.01

Contract liabilities represents the Company's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

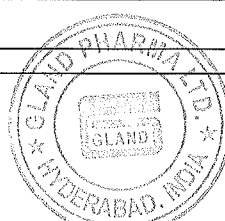
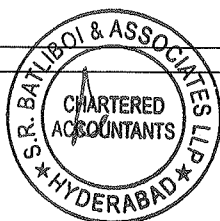
Refund liability is accounted when the Company receives consideration from a customer and expects to refund some or all of that consideration to the customer. In development agreements where the Company's consideration is contingent on obtaining US FDA approvals within a specific time period, the consideration is refundable if the approval fails, irrespective of whether the Company is at default or not.

(a) Significant change in contract liabilities is explained as follows:

	For the year ended March 31, 2020	For the year ended March 31, 2019
Balance at the beginning of the year	389.17	535.83
Revenue recognised during the year	(386.29)	(356.57)
Contract liabilities recognised during the year	339.43	209.91
Balance at the end of the year	342.31	389.17
Expected revenue recognition from remaining performance obligations		
- within one year	342.31	389.17

(b) Significant change in refund liabilities is explained as follows:

	For the year ended March 31, 2020	For the year ended March 31, 2019
Balance at the beginning of the year	52.01	375.76
Amount utilised during the year	(34.68)	(323.75)
Balance at the end of the year	17.33	52.01



23 Other income

	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on		
- Fixed deposits	511.80	429.92
- Others	3.06	3.21
Foreign exchange gain (net)	693.11	415.90
Profit on disposal of property, plant and equipment (net)	173.93	0.85
Insurance claim	1.07	-
Miscellaneous income	8.71	5.76
	1,391.68	855.64

24 Cost of materials consumed

	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventory at the beginning of the year	4,276.99	2,611.69
Add: Purchases	6,990.28	8,907.51
	11,267.27	11,519.20
Less: Inventory at the end of the year	3,024.35	4,276.99
Cost of raw materials consumed	8,242.92	7,242.21
Cost of packing materials consumed	2,659.62	2,306.70
	10,902.54	9,548.91

25 Increase in inventories

	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventories at the end of the year		
Finished goods	687.33	426.50
Work in progress	1,976.86	2,168.65
	2,664.19	2,595.15
Inventories at the beginning of the year		
Finished goods	426.50	481.87
Work in progress	2,168.65	971.74
	2,595.15	1,453.61
	(69.04)	(1,141.54)

26 Employee benefits expense

	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus	2,381.49	2,009.56
Contribution to provident fund	104.38	92.08
Gratuity expense	36.82	57.48
Staff welfare expenses	89.09	70.37
Employee stock option compensation expenses	164.84	-
	2,776.62	2,229.49

27 Other expenses

	For the year ended March 31, 2020	For the year ended March 31, 2019
Stores Consumed	342.51	262.76
Rent	7.60	9.98
Repairs and maintenance:		
- Plant and machinery	232.79	226.58
- Buildings	91.33	76.61
- Other	17.28	17.30
Rates and taxes	371.32	312.70
Quality control expenses	338.42	271.79
Research and development consumables	228.75	207.17
Legal and professional charges	91.21	48.28
Carriage outwards	104.34	85.23
Insurance	29.30	24.34
Printing and stationery	24.52	23.03
Travelling and conveyance	31.05	31.47
Selling and business promotion expenses	51.92	42.06
Sales commission	14.50	11.49
Postage and courier	3.72	4.22
Telephone expenses	9.94	5.93
Vehicle maintenance	8.15	9.23
Payment to auditors:		
Audit fees	8.60	9.79
Certifications fees and others	0.08	0.18
Out of pocket expenses	0.38	0.11
Allowance for credit losses	43.15	10.45
Bad debts written off	16.16	94.72
Miscellaneous expenses	66.72	51.88
Corporate social responsibility(CSR) expenditure (refer note 27A)	62.14	1.57
	2,195.88	1,838.87



27A Details of CSR expenditure

	For the year ended March 31, 2020	For the year ended March 31, 2019
a) Gross amount required to be spent by the Company during the year:	117.73	102.63
b) Amount spent during the year *	62.14	1.57

* paid in cash for the purpose other than construction/acquisition of any asset

28 Finance cost

	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense on others	61.50	25.08
Finance charges on leases	1.01	-
Bank charges	9.31	10.52
	71.82	35.60

29 Depreciation expenses

	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation on property, plant and equipment	943.97	819.59
Depreciation on right-of-use asset	1.90	-
	945.87	819.59

30 Taxes

(a) Income tax expense:

The major components of income tax expenses for the year ended March 31, 2020 and March 31, 2019 are

(i) Profit or loss section

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax	2,513.97	2,212.26
Deferred tax (credit)/charge (refer note 45)	(318.21)	119.99
Adjustment of current income tax relating to earlier years	4.32	12.25
Total income tax expense recognised in statement of Profit and Loss	2,200.08	2,344.50

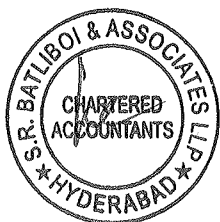
(ii) OCI Section

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Deferred tax credit on remeasurement of defined benefit plans	(17.55)	(1.16)
Income tax charged to OCI	(17.55)	(1.16)

(b) Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before tax (A)	9,928.66	6,863.57
Enacted tax rate in India (B)	25.17%	34.94%
Expected tax expenses (C = A*B)	2,498.85	2,398.41
Tax effect of:		
Deduction under section 10AA of the Income Tax Act, 1961	-	16.06
Weighted deduction under section 35(2AB) under the Income Tax Act, 1961	-	(93.98)
Expenses disallowed under the Income Tax Act, 1961	14.90	4.81
Adjustment for taxes with respect to earlier years	4.32	12.25
Impact of rate change on deferred tax (refer note 45)	(301.11)	9.30
Impact of capital gain tax	(18.58)	-
Others(net)	1.70	(2.35)
Total (D)	(298.77)	(53.91)
Expected tax expense (C+D)	2,200.08	2,344.50
Income tax expense	2,200.08	2,344.50
Effective tax rate	22.16%	34.16%

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied.



31 Earnings per share (EPS)

The following reflects the income and share data used in the basic and diluted EPS computations:

	For the year ended March 31, 2020	For the year ended March 31, 2019
i) Profit for the year attributable to equity shareholders	7,728.58	4,519.07
ii) Weighted average number of equity shares in calculating basic EPS	154,949,490	154,949,490
iii) Weighted average number of equity shares in calculating diluted EPS (ii + iii)	154,949,490	154,949,490
iv) Face value of each equity share (Rs.)	1.00	1.00
v) Basic earnings per share	49.88	29.16
vi) Diluted earnings per share	49.88	29.16

The Company on March 17, 2020, has split the Rs. 10 equity share into 10 shares of Re. 1 each. Accordingly, the earnings per share has been adjusted for subdivision of shares for the current and previous years presented in accordance with the requirements of Indian Accounting Standard (Ind AS) 33 - Earnings per share.

32 Employee benefit plans

I Defined benefit plan

The Company has a defined benefit gratuity plan and is governed by the Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary for each completed year of service. The scheme is funded through a policy with Life Insurance Corporation (LIC). Provision for gratuity is based on actuarial valuation done by an independent actuary as at the year end. Each year, the Company reviews the level of funding in gratuity fund and decides its contribution. The Company aims to keep annual contributions relatively stable at a level such that the fund assets meets the requirements of gratuity payments in short to medium term. The following tables summarise net benefit expenses recognised in the statement of profit and loss, the status of funding and the amount recognised in the Balance sheet for the gratuity plan:

A) Net employee benefit expense (recognised in Employee benefits expense)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Current service cost	35.51	26.20
Past service cost	-	30.37
Interest cost	16.14	11.45
Expected return on plan assets	(14.83)	(10.54)
Net employee benefit expenses	36.82	57.48

B) Amount recognised in the Balance Sheet

	As at March 31, 2020	As at March 31, 2019
Defined benefit obligation	305.20	213.52
Fair value of plan assets	(235.01)	(196.15)
Net defined benefit liability	70.19	17.37

C) Changes in the present value of the defined benefit obligation

	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening defined benefit obligation	213.52	150.08
Current service cost	35.51	26.20
Interest cost	16.14	11.45
Benefits paid	(28.79)	(7.07)
Past service cost	-	30.37
Net Actuarial losses on obligation for the year recognised under OCI	68.82	2.49
Closing defined benefit obligation	305.20	213.52

D) Change in the fair value of plan assets

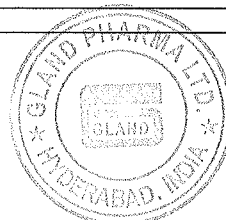
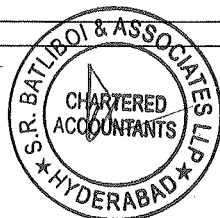
	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening fair value of plan assets	196.15	138.17
Expected return on plan assets	14.83	10.54
Contributions	53.75	55.34
Benefits paid	(28.79)	(7.07)
Net Actuarial losses on plan assets for the year recognised under OCI	(0.93)	(0.83)
Closing fair value of plan assets	235.01	196.15

The Company expects to contribute Rs. 110.73 to the gratuity fund in the next year (March 31, 2019: Rs. 47.06)

The average duration of the defined benefit obligation at the end of reporting period is 6 years (March 31, 2019: 7 years).

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2020	As at March 31, 2019
Investments with LIC	100%	100%



E) Re-measurement adjustments:

	For the year ended March 31, 2020	For the year ended March 31, 2019
Experience loss on plan liabilities	19.57	1.03
Experience loss on plan assets	0.93	0.83
Financial loss on plan liabilities	82.11	1.46
Demographic gain on plan liabilities	(32.86)	-
Re measurement loss recognised in other comprehensive income:	69.75	3.32

(i) The principal assumptions used in determining gratuity for the Company's plans are shown below:

	As at March 31, 2020	As at March 31, 2019
Discount rate	6.00%	7.55%
Salary rise	10.00%	8.00%
Attrition Rate	16.00%	10.00%

The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields / rates available on applicable bonds as on the current valuation date.

The salary growth rate indicated above is the Company's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, seniority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.

Attrition rate indicated above represents the Company's best estimate of employee turnover in future (other than on account of retirement, death or disablement) determined considering various factors such as nature of business, retention policy, industry factors, past experience, etc

(ii) Disclosure related to indication of effect of the defined benefit plan on the entity's future cash flows:

Expected benefit payments:

	As at March 31, 2020	As at March 31, 2019
1 year	51.44	39.27
2-5 years	141.21	83.03
6-10 years	131.67	103.60
>10 years	141.85	188.32

(iii) Sensitivity analysis:

A quantitative sensitivity analysis of significant assumptions is as shown below:

	As at March 31, 2020	As at March 31, 2019
(a) Effect of 1% change in assumed discount rate		
- 1% increase	287.60	199.41
- 1% decrease	324.35	229.05
(b) Effect of 1% change in assumed salary growth rate		
- 1% increase	323.42	228.83
- 1% decrease	288.06	199.34
(c) Effect of 50% change in assumed attrition rate		
- 50% increase	282.17	209.40
- 50% decrease	355.25	218.75

II Defined contribution plan

	For the year ended March 31, 2020	For the year ended March 31, 2019
Contribution to provident fund	104.38	92.08

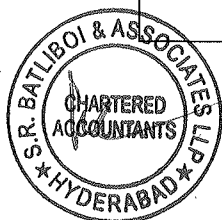
33 Share-based payments

The Company instituted the Gland Pharma Employee Stock Option Scheme 2019 ('ESOP Scheme 2019') pursuant to approval of the Gland Pharma Employee Stock Option Plan 2019 ('Plan'). ESOP Scheme 2019 has been approved by special resolution on May 24, 2019 by the shareholders at the General meeting of the Company. The scheme is to grant options to eligible employees. The Compensation Committee of the Board, based on satisfaction of prescribed criteria like number of years of service of the employee, industry experience of the employee, grade or level of the employee etc; identifies the employees eligible for the scheme. The maximum number of shares that may be issued pursuant to exercise of options granted to the participants under ESOP plan and the relevant notified scheme(s) shall not exceed 170,444 shares. Out of 170,444 shares, the committee granted 154,950 shares on June 27, 2019 (grant date) to eligible employees. The aforementioned shares are before subdivision of equity shares (refer note 13(g)).

The method of settlement under scheme is by issue of equity shares of the Company and there are no cash settlement alternatives for the employees. Each option comprises of one underlying equity share of Rs. 10/- each. The said options shall vest as 40%, 30% and 30% over the variable period subject to satisfaction of Employee performance conditions specified in the Grant Letter.

The details of ESOP Scheme are summarised below:

Grant	Grant date	Number of options granted	Exercise price	Weighted average fair value of option at grant date
1st Grant	June 27, 2019	154,950	5,420.00	2,484.60



Movements during the year

	For the year ended March 31, 2020		For the year ended March 31, 2019	
	No. of shares	Weighted average exercise prices (WAEP)	No. of shares	Weighted average exercise prices (WAEP)
Outstanding as at beginning of year	-	-	-	-
Granted during the year	154,950	-	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	(4,600)	-	-	-
Outstanding as at end of the year	150,350	-	-	-
Weighted average remaining contractual life for the stock option outstanding as at March 31, 2020 (years)	0.75, 1.75 and 2.75	-	-	-
Exercise price for options outstanding at the end of the year(Rs.)	5,420.00	-	-	-
Weighted average fair value of stock options granted during the year(Rs.)	2,484.60	-	-	-

The Black Scholes valuation model has been used for computing the fair value of options on the grant date considering the following inputs :

	For the year ended March 31, 2020	For the year ended March 31, 2019
Time to maturity (years)	1,2 and 3	-
Fair value price	6775.00	-
Exercise price*	5420.00	-
Option life (years)	3.00	-
Expected volatility (%)	30%	-
Risk-free interest rate (%)	7%	-
Expected dividends (%)	0%	-
Expected term based on vesting period (weighted average term of vesting period in years) **	1.5, 2.5 and 3.5	-

*As per ESOP Scheme 2019, the exercise price shall be at 20% discount to the market price, as determined at the time of grant.

** As per Employee Stock Option Scheme, the vested options can be exercised within prescribed tenure and so for the purpose of expected term it is assumed that exercise will happen at middle of exercise period.

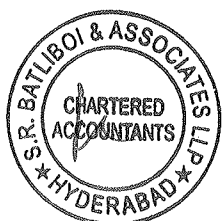
Share-based payment expense

	For the year ended March 31, 2020	For the year ended March 31, 2019
Equity settled share-based payment expense	164.84	-
Total expense arising from share-based payment	164.84	-

34 Trade Payables and Capital creditors (Details of dues to Micro, Small and Medium Enterprises as per MSMED Act,2006):

	As at March 31, 2020	As at March 31, 2019
(a) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting period	49.49	41.42
(b) The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting period; and	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	-	-

The list of undertakings covered under MSMED was determined by the Company on the basis of information available with the Company and has been relied upon by the auditors.



Gland Pharma Limited

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Notes to Financial Statements for the year ended March 31, 2020

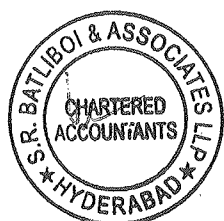
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

35 Related party disclosures

Name of the related party	Relationship
Shanghai Fosun Pharmaceutical (Group) Co., Ltd., China	Ultimate Parent Company
Fosun Pharma Industrial Pte. Ltd., Singapore	Holding Company
Fellow subsidiaries	
Chongqing Pharmaceutical Research Institute (Changshou) Co., Ltd, China (w.e.f January 01, 2020 absorbed by merger with Chongqing Carelife Pharmaceutical Co., Ltd.)	
Jiangsu Wanbang Biopharmaceutical Company Limited, China	
Fosun Pharma USA Inc., USA	
Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd., China	
Guilin Pharmaceutical Co., Ltd., China	
Jinzhou Aohong Pharmaceutical Co., Ltd., China	
Chongqing Carelife Pharmaceutical Co., Ltd., China	
Shanghai Henlius Biotech, Inc., China	
Fosun Pharma Sp. z o.o., Poland	
Fosun Pharmaceutical Distribution (Jiangsu) Co., Ltd., China	
Enterprise over which Key Management Personnel exercise significant influence	
Gland Chemicals Private Limited, India *	
Gland Celsus Bio Chemicals Private Limited, India *	
Dhananjaya Properties LLP *	
Sasikala Properties LLP *	
*During the period April 26, 2019 till June 02, 2019, these entities were not related parties as none of the Key Management Personnel (KMP) of the Company were exercising significant influence over these entities during such period.	
Key Management Personnel	
P.V.N. Raju	Chairman and Director (upto November 20, 2018)
Ravindranath Penmetsa (Dr. Ravi Penmetsa)	Managing Director and Chief Executive Officer (upto April 25, 2019) Director in Fosun Pharma Industrial Pte. Ltd. (w.e.f June 03, 2019)
Srinivas Sadu	Chief Operating Officer (COO) (upto April 25, 2019) Managing Director and Chief Executive Officer (w.e.f. April 25, 2019)
Ravi Shekhar Mitra	Chief Financial Officer (w.e.f September 30, 2019)
Satyanarayana Murthy Chavali	Independent Director (w.e.f November 20, 2018)
Moheb Ali Mohammed	Independent Director
Yiu Kwan Stanley Lau	Independent Director (w.e.f June 10, 2019)
P. Sampath Kumar	Company Secretary
Udo J. Vetter	Director (w.e.f February 07, 2018)
Relatives of Key Management Personnel	
P. Suryakantham	
K. Jhansi Lakshmi	

Transactions during the period:

Nature	For the year ended March 31, 2020	For the year ended March 31, 2019
Enterprise over which Key Management Personnel exercise significant influence		
Gland Chemicals Private Limited	Purchase of raw material	1,183.73
Gland Chemicals Private Limited	Sale of goods	0.53
Dhananjaya Properties LLP	Rent expense	2.36
Sasikala Properties LLP	Rent expense	0.85
Fellow subsidiary		
Jiangsu Wanbang Biopharmaceutical Company Limited	Purchase of raw material	85.20
Jiangsu Wanbang Biopharmaceutical Company Limited	Sale of service	-
Jiangsu Wanbang Biopharmaceutical Company Limited	Sale of goods	3.99
Jiangsu Wanbang Biopharmaceutical Company Limited	Reimbursement of expense	1.62
Fosun Pharma USA Inc.	Sale of goods	407.92
Fosun Pharma USA Inc.	Sale of services	201.48
Fosun Pharma USA Inc.	Rates and taxes	34.29
Guilin Pharmaceutical Co., Ltd.	Sale of goods	12.18
Guilin Pharmaceutical Co., Ltd.	Sale of services	2.81
Guilin Pharmaceutical Co., Ltd.	Reimbursement of expense	1.62



Gland Pharma Limited

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Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

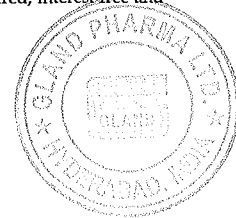
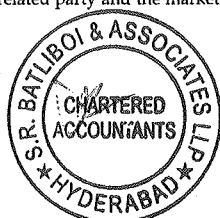
	Nature	For the year ended March 31, 2020	For the year ended March 31, 2019
Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.	Sale of services	10.43	7.18
Jinzhou Aohong Pharmaceutical Co., Ltd.	Sale of services	13.34	-
Chongqing Carelife Pharmaceutical Co., Ltd.	Reimbursement of expense	1.62	-
Shanghai Henlius Biotech, Inc.	Reimbursement of expense	1.62	-
Chongqing Pharmaceutical Research Institute (Changshou) Co., Ltd.	Reimbursement of expense	1.62	-
Fosun Pharma Sp. z o.o.	Sale of services	0.67	-
Fosun Pharmaceutical Distribution (Jiangsu) Co., Ltd.	Sale of goods	1.94	-
Key Management Personnel^			
P.V.N. Raju	Remuneration	-	3.73
P.V.N. Raju	Rent expense	-	0.02
Dr. Ravi Penmetsa	Remuneration	2.49	99.79
Dr. Ravi Penmetsa	Employee separation compensation	-	200.00
Srinivas Sadu	Remuneration	33.22	22.41
Srinivas Sadu	Employee stock option compensation expense	25.55	-
Ravi Shekhar Mitra	Remuneration	5.74	-
Satyanarayana Murthy Chavali	Sitting fee	0.70	0.10
Satyanarayana Murthy Chavali	Commission	1.51	-
Moheb Ali Mohammed	Sitting fee	0.60	0.30
Moheb Ali Mohammed	Commission	1.51	-
Yiu Kwan Stanley Lau	Sitting fee	0.50	-
Yiu Kwan Stanley Lau	Commission	4.54	-
Udo J. Vetter	Sitting fee	0.20	-
P. Sampath Kumar	Remuneration	3.46	2.84
P. Sampath Kumar	Employee stock option compensation expense	1.70	-
Relatives of Key Management Personnel			
K. Jhansi Lakshmi	Rent expense	0.84	0.86
P. Suryakantham	Rent expense	-	0.02

Closing balances receivable/(payable) (Unsecured):

	As at March 31, 2020	As at March 31, 2019
Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.	-	7.21
Gland Chemicals Private Limited	(165.13)	(16.16)
Fosun Pharma USA Inc.	106.39	-
Fosun Pharmaceutical Distribution (Jiangsu) Co., Ltd.	2.07	-
Guilin Pharmaceutical Co., Ltd.	0.56	-
Jiangsu Wanbang Biopharmaceutical Company Limited	4.26	-
Dhananjaya Properties LLP	(0.22)	(0.21)
Sasikala Properties LLP	(0.07)	(0.06)
P.V.N. Raju	-	(1.74)
Dr. Ravi Penmetsa	(100.00)	(269.98)
Ravi Shekhar Mitra	(0.44)	-
P. Sampath Kumar	(0.08)	-
K. Jhansi Lakshmi	(0.06)	(0.06)
Yiu Kwan Stanley Lau	(3.47)	-
Moheb Ali Mohammed	(1.36)	-
Satyanarayana Murthy Chavali	(1.45)	-
Udo J. Vetter	(0.14)	-

^ As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Key Management personnel and their relatives is not ascertainable and, therefore, not included above.

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash.



36 Significant accounting judgements, estimates and assumptions

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

Judgements, estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) Defined employee benefit plans (Gratuity)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries. Further details about gratuity obligations are given in note 32.

(ii) Depreciation on property, plant and equipment

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives and residual values of all its property, plant and equipment estimated by the management. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment.

(iii) Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

(iv) Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset). Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

(v) Estimation of net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. In estimating the net realisable value of inventories, the Company makes an estimate of future selling prices and costs necessary to make the sale.

(vi) Share based payment

The Company measures the cost of equity-settled transactions with employees using Black Scholes model. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 33.

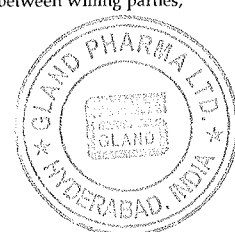
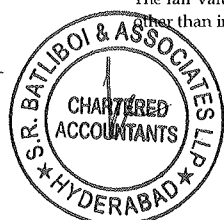
37 Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

	Carrying value		Fair value	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Financial assets at amortised cost:				
Loans and others	225.12	138.00	225.12	138.00
Trade receivables	6,017.85	5,061.00	6,017.85	5,061.00
Cash & cash equivalents	1,694.97	2,364.02	1,694.97	2,364.02
Bank balances other than above	11,556.96	5,169.47	11,556.96	5,169.47
Financial liabilities at amortised cost:				
Borrowings (including current maturities)	49.60	54.90	49.60	54.90
Trade payables	2,490.94	4,461.98	2,490.94	4,461.98
Other financial liabilities	321.46	365.63	321.46	365.63

The management assessed that cash and cash equivalents, bank balances, trade receivables, loans, borrowings, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.



38 Financial risk management objectives and policies

Financial Risk Management Framework

The Company is exposed primarily to Credit Risk, Liquidity Risk and Market risk (fluctuations in foreign currency exchange rates and interest rate), which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

A Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk, except for trade receivables.

Trade receivables:

The customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on the individual credit limits as defined in accordance with this assessment and outstanding customer receivables. The Company's receivables turnover is quick and historically, there were no significant defaults on account of any customer in the past. Ind AS requires an entity to recognise in statement of profit and loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with Ind AS 109. The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

Before accepting any new customer, the Company uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed on periodic basis.

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs. 6,017.85 and Rs. 5,061.00 as of March 31, 2020 and March 31, 2019 respectively, being the total of the carrying amount of balances with trade receivables.

B Liquidity Risk

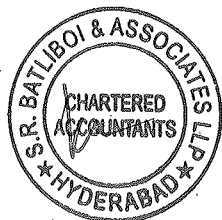
Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	Up to 1 Year	1 to 3 years	3 to 5 years	> 5 years	Total
March 31, 2020:					
Borrowings (including current maturities)	8.91	2.55	12.70	25.44	49.60
Trade payables	2,490.94	-	-	-	2,490.94
Other financial liabilities	313.12	4.78	5.70	0.75	324.35
	<u>2,812.97</u>	<u>7.33</u>	<u>18.40</u>	<u>26.19</u>	<u>2,864.89</u>
March 31, 2019:					
Borrowings (including current maturities)	5.30	10.33	6.73	32.54	54.90
Trade payables	4,461.98	-	-	-	4,461.98
Other financial liabilities	365.63	-	-	-	365.63
	<u>4,832.91</u>	<u>10.33</u>	<u>6.73</u>	<u>32.54</u>	<u>4,882.51</u>

C Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates and other market changes.



C1. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities.

(a) Details of foreign currency risk from non-derivative financial instruments:

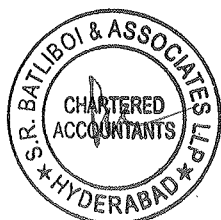
The year end foreign currency exposures that have not been hedged by a derivative instrument are as under -

	Currency	As at March 31, 2020			As at March 31, 2019		
		Amount in Foreign Currency	Amount in Rs.	Conversion Rate	Amount in Foreign Currency	Amount in Rs.	Conversion Rate
Cash and cash equivalent	USD	17.32	1,302.21	75.20	18.66	1,281.58	68.69
	EURO	0.00	0.25	82.63	0.22	16.81	76.89
	RMB	0.03	0.36	10.60	-	-	-
Trade receivables	USD	69.52	5,227.92	75.20	61.54	4,227.26	68.69
	EURO	0.05	4.13	82.63	0.03	2.14	76.89
	AUD	0.15	6.79	46.28	0.01	0.45	48.50
	CAD	0.73	38.46	52.83	1.47	75.13	50.97
Trade payables	USD	10.77	815.07	75.71	30.44	2,111.02	69.35
	GBP	-	-	-	0.00	0.06	90.91
	EURO	1.01	84.34	83.73	3.16	246.79	78.17
Capital creditors	USD	1.22	92.26	75.71	0.27	18.88	69.35
	EURO	0.22	18.38	83.73	0.29	22.80	78.17

(b) Foreign currency sensitivity:

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in exchange rate		Effect on profit before tax	
	Increase	Decrease	Increase/(Decrease)	
March 31, 2020				
USD	1.00%	1.00%	56.23	(56.23)
EURO	1.00%	1.00%	(0.98)	0.98
March 31, 2019				
USD	1.00%	1.00%	33.79	(33.79)
EURO	1.00%	1.00%	(2.51)	2.51



39 Impact of COVID-19 Outbreak

The outbreak of COVID-19 in many countries has brought about disruptions to businesses around the world and uncertainty to the global economy, which had some impact on the Company's supply chain during March, 2020. The Company is closely monitoring the impact of the pandemic on all aspects of its business, including how it will impact its customers, employees, vendors and business partners. The Company based on the information available to date, both internal and external, considered the uncertainty relating to the COVID-19 pandemic in assessing the impact. Based on the current estimates, the Company expects to fully recover the carrying amount of assets and does not foresee any impact on its operations. As the outbreak continues to evolve, the Company will continue to closely monitor any material changes to future economic conditions.

40 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2020 and March 31, 2019.

41 Commitments and contingencies

a. Commitments

	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,227.06	1,504.31
Other commitments	Nil	Nil

b. Contingent liabilities

	As at March 31, 2020	As at March 31, 2019
(i) Outstanding bank guarantees (excluding performance obligations)	14.58	24.32
(ii) Claims against the Company not acknowledged as debts*	29.90	31.44
(iii) Demand for direct taxes	16.76	0.86
(iv) Demand for indirect taxes		
Excise duty	-	4.44
Entry tax	47.01	47.01
Service tax	4.79	98.31
Value Added Tax and CST	5.30	5.30

(v) Provident Fund

There are numerous interpretative issues relating to the Supreme Court (SC) judgement on Provident Fund (PF) dated 28th February, 2019. As a matter of caution, the Company has accordingly made the payments for the current year. The Company will update its position, on receiving further clarity on the subject.

*In respect of above matters, future cash outflows in respect of contingent liabilities are determinable only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company. The Company is contesting these demands and the Management, including its advisors, believe that its position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for the demands raised. The Management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operations.

The Company's business involves Governmental and/or regulatory inspections, inquiries and commercial matters that arise from time to time in the ordinary course of business. The same are subject to uncertain future events not wholly within the control of the Company. The management does not expect the same to have a materially adverse effect on its financial position, as it believes the likelihood of any loss is not probable.

42 Leases

First time adoption of Ind AS 116-"Leases"

IND AS 116 - "Leases" has been adopted with effect from April 01, 2019 following modified retrospective method. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise leases on the balance sheet. On April 01, 2019 the Company has measured the lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and a right-of-use asset at an amount equal to the lease liability.

As per para C8 of appendix C to Ind AS 116, if a lessee elects to apply this Standard in accordance with paragraph C5(b), the lessee shall:

(a) recognise a lease liability at the date of initial application for leases previously classified as an operating lease applying Ind AS 17. The lessee shall measure that lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application.

(b) recognise a right-of-use asset at the date of initial application for leases previously classified as an operating lease applying Ind AS 17. The lessee shall choose, on a lease-by-lease basis, to measure that right-of-use asset at either:

(i) its carrying amount as if the Standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application;

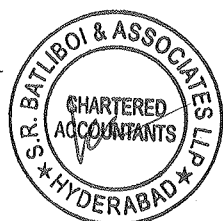
(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

(c) apply Ind AS 36, Impairment of Assets, to right-of-use assets at the date of initial application, unless the lessee applies the practical expedient in paragraph C10(b).

Accordingly, on April 01, 2019, the Company recognised a lease liability of Rs. 11.41 and right-of-use asset of Rs. 11.41.

The new Accounting Standard had the following major impact :

- No economic impact on the business;
- Accounting shifted from off balance sheet model to on balance sheet model
- "Right-of-Use" ("RoU") asset is recognised as present value of future fixed rentals and corresponding "Lease liability"
- Depreciation of Right-of-use assets on a straight-line basis over the lease period;
- Operating lease expense (fixed lease payment excluding taxes on the same) will be replaced by depreciation and finance cost.



Statement showing impact of adoption of Ind AS 116 on balance sheet as at March 31, 2020

	Foot notes	As at March 31, 2020		
		Excluding impact of Ind AS 116	Impact due to adoption of Ind AS 116	As per financial statements
Assets				
Non-current assets				
Right-of-use assets	A	-	9.51	9.51
Equity				
Other equity	C	36,308.15	(0.75)	36,307.40
Non-current liabilities				
Other financial liabilities	B	17.33	9.25	26.58
Deferred tax liabilities (net)	D	740.79	(0.25)	740.54
Current liabilities				
Other financial liabilities	B	302.53	1.26	303.79

Had the Company continued with the earlier standard, the depreciation expense, finance cost and other expenses would have been lower by Rs. 1.90, Rs. 1.01 and higher by Rs. 1.91 respectively for the year ended March 31, 2020.

Statement showing impact of adoption of Ind AS 116 on statement of cash flows

	For the year ended March 31, 2020		
	Excluding impact of Ind AS 116	Impact due to adoption of Ind AS 116	As per financial statements
Cash flows from operating activities	7,007.44	1.91	7,009.35
Cash flows from financing activities	(66.80)	(1.91)	(68.71)

Footnotes to Impact of adjustments

- (A) Right-of-use asset are recognised and presented separately in the Balance Sheet.
 (B) Lease liabilities are recognised in accordance with Ind AS 116 and shown as financial liabilities in the Balance Sheet.
 (C) Retained earnings has decreased due to impact of Ind AS 116 adjustments.
 (D) Deferred tax on temporary difference arising on recognition and measurement of right-of-use asset and lease liability.

Company as a Lessee

The Company has lease contracts for factory land and office premises. Lease contract for factory land is having a lease term of 15 years. The leases for office premises are having a term of 12 months or less and hence the Company has applied the short term exemption towards it.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Amount
As at April 01, 2019	11.41
Additions/deletions	-
Depreciation expense	(1.90)
As at March 31, 2020	9.51

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Amount
As at April 01, 2019	11.41
Additions	-
Accretion of interest	1.01
Payment	(1.91)
As at March 31, 2020	10.51

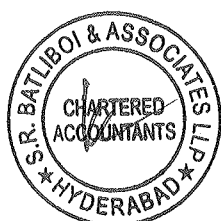
Maturity analysis of lease liabilities is as follows:

	As at March 31, 2020	As at April 01, 2019
Within one year	2.17	1.91
After one year but not more than three years	4.78	4.56
After three years but not more than five years	5.70	5.10
More than five years	0.75	3.74
	13.40	15.31

The following are the amounts recognised in statement of profit and loss:

	For the year ended March 31, 2020
Depreciation expense on right-of-use assets	1.90
Interest expense on lease liabilities	1.01
Expense relating to short-term leases (included in other expenses)	7.60
Total amount recognised in statement of profit and loss	10.51

The Company has total cash outflow for leases of Rs. 9.51.



Gland Pharma Limited
CIN: U24239TG1978PLC002276

Notes to Financial Statements for the year ended March 31, 2020

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

43 Segment reporting

Segments are identified in line with Indian Accounting Standard (Ind AS) 108 "Operating Segments", taking into consideration the internal organisation and management structure as well as the differential risk and returns of each of the segments.

Based on the Company's business model of vertical integration, pharmaceuticals have been considered as a single business segment for the purpose of making decisions on allocation of resources and assessing its performance. Hence, no separate financial disclosures are provided in respect of its single business segment.

The geographic information analyses the Company's revenues and non-current assets by the country of domicile and other countries. In presenting geographic information, segment revenue has been based on the location of the customer and segment assets are based on geographical location of assets.

(a) Revenue from operations

	For the year ended March 31, 2020	For the year ended March 31, 2019
USA	17,575.37	12,776.98
India	4,672.01	3,877.52
Europe	1,168.68	1,100.07
Canada	469.12	229.92
Australia	131.41	88.87
Rest of World (ROW)	2,315.81	2,368.67
Total	26,332.40	20,442.03

(b) The Company has entire non current assets with in India. Hence, separate figures have not been furnished.

(c) Concentration of revenues from two customers of the Company was Rs. 7,037.82 and Rs. 4,854.76 of total revenue from operations for the year ended March 31, 2020 and March 31, 2019 respectively.

44 Employee Separation compensation

In the year ended March 31, 2019, the Board of Directors had approved the discontinuance of service of Dr. Ravi Penmetsa as MD and CEO on a mutual consent basis. As part of the employment agreement an amount of Rs. 200 has been approved by the Board of directors.

45 The Company has elected to exercise the option permitted under section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Law (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income tax for the year ended March 31, 2020 and re-measured its deferred tax assets and liabilities basis the reduced tax rate prescribed in the said section. The impact of above change recognised in the statement of Profit and Loss for the year ended March 31, 2020 is Rs. 301.11.

46 Research and development

	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue expenditure (including depreciation)	909.32	880.23
Capital expenditure	12.55	85.58
	921.87	965.81

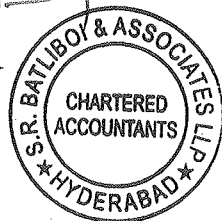
47 Subsequent events

No significant subsequent events have been observed which may require an adjustment to the balance sheet.

As per our report of even date attached

for S.R.BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W/E300004
per Navneet Rai Kabra
Partner
Membership No. 102328



per Navneet Rai Kabra
Partner



Place: Hyderabad
Date: June 03, 2020

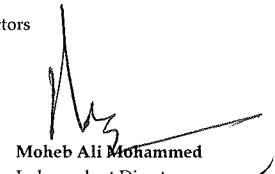


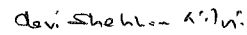
for and on behalf of the Board of Directors
Gland Pharma Limited


Srinivas Sadu
Managing Director and
Chief Executive Officer
DIN: 06900659


P. Sampath Kumar
Company Secretary

Place: Hyderabad
Date: June 03, 2020


Moheb Ali Mohammed
Independent Director
DIN: 00699254


Ravi Shekhar Mitra
Chief Financial Officer