

INDEPENDENT AUDITOR'S REPORT

To the Members of Gland Pharma Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Gland Pharma Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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 a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("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 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 control 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.

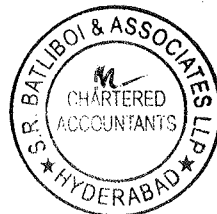
Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. 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.

Opinion

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



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 purpose 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, 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 Indian Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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;
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 39 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; and
 - 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

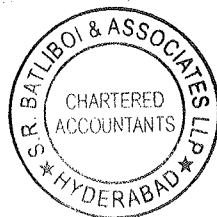


per Navneet Rai Kabra
Partner

Membership Number: 102328

Place of Signature: Hyderabad

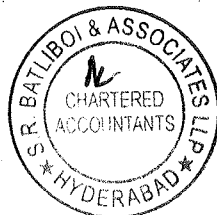
Date: August 21, 2018



Annexure 1 referred 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 fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year ending but there is a regular programme of verification 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 to the Company 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) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, goods and service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- (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 the 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
Central Excise Act, 1944	Excise Duty	30.56	5.00	2001 - 2003	Customs, Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	0.99	0.07	2014 - 2015	Assistant Commissioner, Hyderabad
Central Excise Act, 1944	Excise Duty	1.00	0.10	2012 - 2014	Customs, Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	2.45*	0.18	2014 - 2015	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	28.12*	1.49	2009 - 2014	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	0.37	0.37	2004 - 2006	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	15.08*	1.02	2014 - 2015	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	2.72*	0.10	2014 - 2015	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	13.21	-	2015 - 2016	Additional Commissioner, Hyderabad
Finance Act, 1994	Service Tax	0.94	-	2015 - 2016	Principal Commissioner, Hyderabad
Finance Act, 1994	Service Tax	86.12	-	2015 - 2016	Principal Commissioner, Hyderabad
Finance Act, 1994	Service Tax	734.22*	27.53	2010 - 2011 and 2012 - 2015	Customs, Excise and Service Tax Appellate Tribunal
Value Added Tax Act, 2005 and CST Act, 1956	Value Added Tax and CST	1.73	1.73	2012-13 and 2013-2014	Telangana Value Added Tax Appellate Tribunal
Entry tax of Goods into Local Areas Act, 2001	Entry Tax	44.40	22.20#	2010-11 to 2015-2016	High court, Hyderabad
Andhra Pradesh VAT Act, 2005	Sales tax	0.99	0.12	1998 -1999 to 2001 - 2002	Appellate Joint Commissioner (Sales tax, Hyderabad)
Income Tax Act, 1961	Income Tax	0.86	0.86	2006 - 2007 and 2007-2008	Deputy Commissioner of Income Tax
Income Tax Act, 1961	Income Tax	143.04	-	2013 - 2014	Commissioner of Income Tax

*Including penalty.

#Paid subsequent to year end.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- (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 banks, financial institutions and debenture holders.
- (ix) According to the information and explanations given by the management, the Company has not raised any money 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 financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (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 to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause (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 financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the private placement of shares during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised. The Company has not made any preferential allotment or fully or partly convertible debentures during the year.
- (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**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



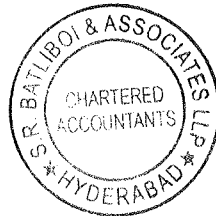
per Navneet Rai Kabra

Partner

Membership Number: 102328

Place of Signature: Hyderabad

Date: August 21, 2018



Annexure 2 to the Independent Auditor's report of even date on the 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, 2018 in conjunction with our audit of the 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 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 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 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 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 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 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 financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Inherent Limitations of Internal Financial Controls over Financial Reporting with reference to these Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

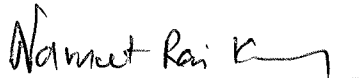
Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2018, 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

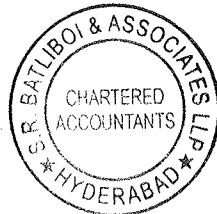


per Navneet Rai Kabra
Partner

Membership Number: 102328

Place of Signature: Hyderabad

Date: August 21, 2018



Gland Pharma Limited
CIN: U24239AP1978PLC002276

Balance Sheet as at March 31, 2018

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

	Note	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	8,426.41	8,715.81
Capital work in progress	3	1,988.82	1,611.50
Financial assets			
Loans	4	58.84	55.68
Other non-current financial assets	5	2.04	-
Non-current tax assets (net)	7	198.36	196.07
Other non-current assets	8	99.15	76.89
		<u>10,773.62</u>	<u>10,655.95</u>
Current assets			
Inventories	9	5,128.30	3,787.19
Financial assets			
Loans	4	4.73	4.00
Trade receivables	6	4,752.10	4,178.73
Cash and cash equivalents	10	3,728.41	5,330.77
Bank balances other than cash and cash equivalents	11	2,979.98	-
Other current financial assets	5	32.31	4.42
Other current assets	8	1,883.96	776.39
		<u>18,509.79</u>	<u>14,081.50</u>
Total Assets		<u><u>29,283.41</u></u>	<u><u>24,737.45</u></u>
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	154.95	154.95
Other equity	13	23,949.27	20,743.16
		<u>24,104.22</u>	<u>20,898.11</u>
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	14	54.89	59.16
Other financial liabilities	16	381.33	392.55
Deferred tax liability (net)	17	957.47	853.79
		<u>1,393.69</u>	<u>1,305.50</u>
Current liabilities			
Financial liabilities			
Trade payables	15	2,924.15	1,892.89
Other financial liabilities	16	142.78	114.86
Provisions	18	21.09	22.25
Current tax liabilities (net)	19	129.00	-
Other current liabilities	20	568.48	503.84
		<u>3,785.50</u>	<u>2,533.84</u>
Total equity and liabilities		<u><u>29,283.41</u></u>	<u><u>24,737.45</u></u>
Summary of significant accounting policies	2.1		

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

As per our report of even date attached

For S.R.BATLIBOI & ASSOCIATES LLP

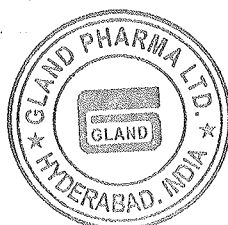
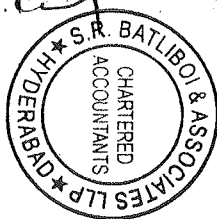
Chartered Accountants

ICAI Firm Registration Number : 101049W/E300004

Narveet Rai Kabra
per Narveet Rai Kabra

Partner

Membership No. 102328



Place: Hyderabad

Date: August 21, 2018

For and on behalf of the Board of Directors

Gland Pharma Limited

Dr. Ravi Penmetsa *Guan Xiaohui*

Dr. Ravi Penmetsa
Managing Director and
Chief Executive Officer
DIN: 0179939

Guan Xiaohui
Director
DIN: 07675466

Yiran Peng

Yiran Peng
Director and
Chief Financial Officer
DIN: 07675475

P. Sampath Kumar

P. Sampath Kumar
Company Secretary

Place: Hyderabad

Date: August 21, 2018

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

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

	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
INCOME			
Revenue from operations (Gross)	21	16,228.93	14,916.27
Other income	22	487.89	335.61
Total income (I)		16,716.82	15,251.88
EXPENSES			
Cost of materials consumed	23	7,182.98	4,506.65
Purchase of traded goods		91.22	126.94
(Increase)/decrease in inventories of finished goods, stock-in-trade and work-in-progress	24	(666.66)	463.72
Excise duty on sale of goods		29.52	124.51
Power and fuel		603.52	492.42
Employee benefits expense	25	1,790.80	1,534.16
Other expenses	26	1,846.50	1,417.98
Depreciation expense	3	782.08	741.47
Finance cost	27	41.25	63.92
Total expenses (II)		11,701.21	9,471.77
Profit before tax (I-II)		5,015.61	5,780.11
Tax expenses	29		
Current tax		1,694.59	1,430.29
Deferred tax charge		106.34	208.57
Taxes for earlier years		3.54	3.99
Total tax expense		1,804.47	1,642.85
Profit for the year		3,211.14	4,137.26
OTHER COMPREHENSIVE INCOME (OCI)			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement loss on employee defined benefit plans		7.69	15.03
Deferred tax credit		(2.66)	(5.20)
Total other comprehensive income for the year, net of tax		5.03	9.83
Total comprehensive income for the year, net of tax		3,206.11	4,127.43
Earnings per share:	30		
Basic, computed on the basis of profit attributable to equity holders		211.75	267.01
Diluted, computed on the basis of profit attributable to equity holders		207.24	267.01
Summary of significant accounting policies	2.1		

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

As per our report of even date attached

For S.R.BATLIBOI & ASSOCIATES LLP

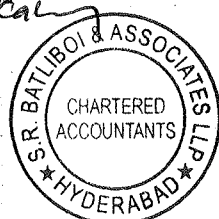
Chartered Accountants

ICAI Firm Registration Number : 101049W/E300004

Navneet Rai Kabra
per Navneet Rai Kabra

Partner

Membership No. 102328



Place: Hyderabad

Date: August 21, 2018

For and on behalf of the Board of Directors

Gland Pharma Limited

Dr. Ravi Penmetsa *Guan Xiaohui*

Dr. Ravi Penmetsa
Managing Director and
Chief Executive Officer
DIN: 0179939

Guan Xiaohui
Director
DIN: 07675466

Yiran Peng

Yiran Peng
Director and
Chief Financial Officer
DIN: 07675475

P. Sampath Kumar

P. Sampath Kumar
Company Secretary

Place: Hyderabad

Date: August 21, 2018

Place: Hyderabad

Date: August 21, 2018

Gland Pharma Limited
CIN: U24239AP1978PLC002276
Statement of cash flows for the year ended March 31, 2018
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Cash flow from operating activities		
Profit before tax	5,015.61	5,780.11
Adjustments to reconcile profit before tax to net cash flows		
Depreciation expense	782.08	741.47
Provision for doubtful debts	16.22	-
Bad debts written off	12.82	10.94
Interest expense	31.31	50.30
Assets written off	-	11.30
Unrealized foreign exchange (gain)/loss	(61.10)	75.59
Profit on disposal of property, plant and equipment	(0.21)	(0.48)
Interest income	(271.68)	(178.54)
Liabilities no longer required written back	-	(3.69)
Operating profit before working capital changes	5,525.05	6,487.00
Movements in working capital:		
Increase in trade receivables	(528.59)	(750.89)
Increase in inventories	(1,341.11)	(116.44)
Increase in loans, deposits and others	(3.89)	(5.01)
Increase in other assets	(1,118.11)	(9.51)
Increase in trade payables and other financial liabilities	1,007.26	1,037.78
Increase/(decrease) in provisions and other liabilities	50.11	(264.48)
Cash generated from operations	3,590.72	6,378.45
Income tax paid (net of refunds)	(1,571.42)	(1,613.89)
Net cash flow from operating activities (A)	2,019.30	4,764.56
Cash flows from investing activities		
Purchase of property, plant and equipment	(851.75)	(1,161.89)
Proceeds from disposal of property, plant and equipment	1.60	1.09
Investment in bank deposits	(2,982.02)	-
Interest received	243.80	194.26
Net cash flow used in investing activities (B)	(3,588.37)	(966.54)
Cash flows from financing activities		
Repayment of long-term borrowings	(4.61)	(707.63)
Repayment of short-term borrowings	-	(399.00)
Proceeds from issue of shares	3,985.83	-
Buy back of shares (including tax thereon)	(3,985.83)	-
Interest paid	(31.31)	(57.53)
Net cash flows used in financing activities (C)	(35.92)	(1,164.16)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(1,604.99)	2,633.86
Effect of exchange differences on cash and cash equivalents held in foreign currency	2.63	(35.35)
Cash and cash equivalents at the beginning of the year (refer note 10)	5,330.77	2,732.26
Cash and cash equivalents at the end of the year	3,728.41	5,330.77
Components of cash and cash equivalents		
Cash on hand	0.41	0.48
With banks on current account	1,396.03	1,302.91
With banks on deposit account	2,331.97	4,027.38
Total cash and cash equivalents (refer note 10)	3,728.41	5,330.77
Summary of significant accounting policies		

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

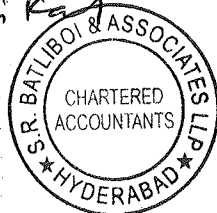
For S.R.BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number : 101049W/E300004

Navneet Rai Kabra
per Navneet Rai Kabra
Partner

Membership No. 102328



For and on behalf of the Board of Directors

Gland Pharma Limited

Dr. Ravi Penmetsa *Guan Xiaohui*

Dr. Ravi Penmetsa Guan Xiaohui
Managing Director and Director
Chief Executive Officer DIN: 07675466
DIN: 0179939

Yiran Peng
Yiran Peng
Director and
Chief Financial Officer
DIN: 07675475

P. Sampath Kumar
P. Sampath Kumar
Company Secretary

Place: Hyderabad
Date: August 21, 2018



Place: Hyderabad Place: Hyderabad
Date: August 21, 2018 Date: August 21, 2018

Gland Pharma Limited

CIN: U24239AP1978PLC002276

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

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

a. Equity share capital

Equity shares of Rs. 10 each, issued, subscribed and fully paid	No.	Rs.
As at April 01, 2016	15,494,949	154.95
Add: Issued during the year	-	-
As at March 31, 2017	15,494,949	154.95
Add: Issued during the year	942,500	9.43
Less: Shares bought back during the year	(942,500)	(9.43)
As at March 31, 2018	15,494,949	154.95

b. Other equity

	Other components of equity					Total
	Reserves and surplus				Other comprehensive income	
	Securities Premium	Capital Redemption Reserve	General Reserve	Retained Earnings	Re-measurement loss on employee defined benefit plans (net of tax)	
As at April 01, 2016	5,149.72	24.01	40.65	11,401.35	-	16,615.73
Profit for the year	-	-	-	4,137.26	-	4,137.26
Other comprehensive income, net of tax	-	-	-	-	(9.83)	(9.83)
As at March 31, 2017	5,149.72	24.01	40.65	15,538.61	(9.83)	20,743.16
Issue of share capital	3,976.81	-	-	-	-	3,976.81
Amount utilised towards buy back of shares	(3,236.59)	-	-	-	-	(3,236.59)
Tax on buy back of shares	-	-	-	(740.22)	-	(740.22)
Amount transferred from general reserve to capital redemption reserve on account of buy back	-	9.43	(9.43)	-	-	-
Profit for the year	-	-	-	3,211.14	-	3,211.14
Other comprehensive income, net of tax	-	-	-	-	(5.03)	(5.03)
As at March 31, 2018	5,889.94	33.44	31.22	18,009.53	(14.86)	23,949.27

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date.

For S.R.BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number : 101049W/E300004

per Navneet Rai Kabra

Partner

Membership No. 102328



Place: Hyderabad
Date: August 21, 2018

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

Dr. Ravi Penmetsa

Dr. Ravi Penmetsa
Managing Director and
Chief Executive Officer
DIN: 0179939

Yiran Peng
Yiran Peng
Director and
Chief Financial Officer
DIN: 07675475

Place: Hyderabad
Date: August 21, 2018

Guan Xiaohui

Guan Xiaohui
Director
DIN: 07675466

P. Sampath Kumar
P. Sampath Kumar
Company Secretary

Place: Hyderabad
Date: August 21, 2018

Gland Pharma Limited

CIN: U24239AP1978PLC002276

Notes to the financial statements for the year ended March 31, 2018

(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 primarily engaged in manufacturing injectable formulations. The Company has presently three divisions namely Bulk Drugs (one unit is in SEZ), Formulations and Research & Development.

2. Basis of preparation

The financial statements of the Company have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time.

The financial statements have been prepared on a historical cost convention, except for certain financial assets and liabilities which have been measured at fair value.

2.1 Summary of significant accounting policies

(a) 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.

(b) 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.



Gland Pharma Limited

CIN: U24239AP1978PLC002276

Notes to the financial statements for the year ended March 31, 2018

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

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.

(c) 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.

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.

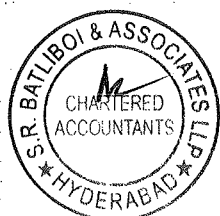
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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.



Gland Pharma Limited

CIN: U24239AP1978PLC002276

Notes to the financial statements for the year ended March 31, 2018

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

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.

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of products

Revenue from sale of goods is recognised on dispatch which coincides with transfer of significant risks and rewards to customer and is net of trade discounts, sales returns and sales tax, where applicable, and the additional amount in case of exclusive arrangement, is recognised 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 of the profit share is available.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT)/ Goods and Service Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Sale of services

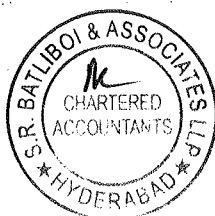
Revenue from sale of dossiers/licenses/services is recognized in accordance with the terms of the relevant agreements as accepted and agreed with the customers.

Interest income

Interest income is recognised 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.



Gland Pharma Limited

CIN: U24239AP1978PLC002276

Notes to the financial statements for the year ended March 31, 2018

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

(e) 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 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.



Gland Pharma Limited

CIN: U24239AP1978PLC002276

Notes to the financial statements for the year ended March 31, 2018

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

(f) Property, plant and equipment

Under the previous GAAP (Indian GAAP), property, plant and equipment and capital work in progress were carried in the balance sheet at cost of acquisition. The Company has elected to regard those values of property, plant and equipment as deemed cost at the date of the acquisition since there is no change in the functional currency as on the date of transition to Ind AS i.e. April 01, 2015. The Company has also determined that cost of acquisition or construction as deemed cost as at 1 April 2015.

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 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.

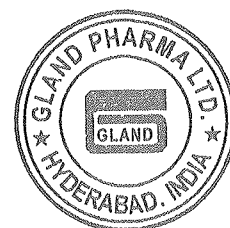
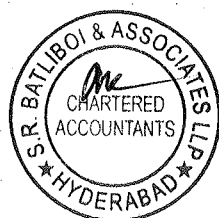
An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal 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 fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. 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)
Factory 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.



Gland Pharma Limited

CIN: U24239AP1978PLC002276

Notes to the financial statements for the year ended March 31, 2018

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

(g) Leases

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.

For arrangements entered into prior to 1 April 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

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 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

(h) 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:

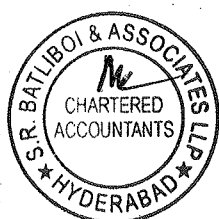
- Raw materials and packing material: Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost includes cost of purchase and other costs incurred in 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.

(i) 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.



Gland Pharma Limited

CIN: U24239AP1978PLC002276

Notes to the financial statements for the year ended March 31, 2018

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

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 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.

(j) Provisions

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.

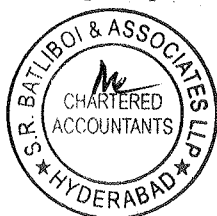
(k) Retirement and other employee benefits

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 actuarial valuation.

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 to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.



Gland Pharma Limited

CIN: U24239AP1978PLC002276

Notes to the financial statements for the year ended March 31, 2018

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

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:

- 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.

(I) 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

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

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)

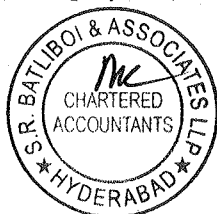
A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- 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.

Equity investments:

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



Gland Pharma Limited

CIN: U24239AP1978PLC002276

Notes to the financial statements for the year ended March 31, 2018

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

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 11 and Ind AS 18

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.

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

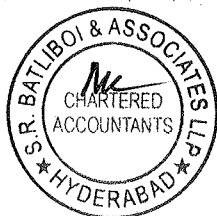
Loans and borrowings

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.



Gland Pharma Limited

CIN: U24239AP1978PLC002276

Notes to the financial statements for the year ended March 31, 2018

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

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.

(m) 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.

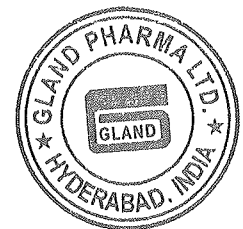
(n) Research and Development

Revenue expenditure on research and development is charged to revenue 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.

(o) 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.



Gland Pharma Limited

CIN: U24239AP1978PLC002276

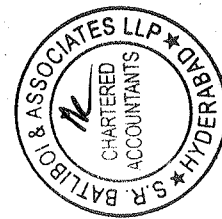
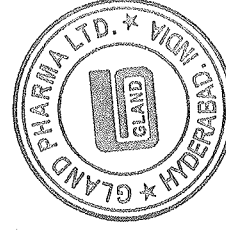
Notes to Financial Statements for the year ended March 31, 2018

(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 equipments	Research and Development Equipments	Furniture and fixtures	Office equipments	Vehicles	Computers	Tubewells	Total
Cost											
As at April 01, 2016	244.44	1,926.38	5,532.94	316.30	176.57	137.79	39.94	35.27	72.41	1.49	8,483.53
Additions	5.97	80.01	1,359.26	55.76	16.85	20.88	8.80	8.33	23.23	-	1,579.09
Disposals	-	-	-	(0.17)	-	-	-	(7.24)	-	-	(7.41)
As at March 31, 2017	250.41	2,006.39	6,892.20	371.89	193.42	158.67	48.74	36.36	95.64	1.49	10,085.21
Additions	42.40	120.12	193.86	37.67	43.89	21.68	3.94	1.49	29.02	-	494.07
Disposals	-	-	-	-	-	-	-	(4.76)	-	-	(4.76)
As at March 31, 2018	292.81	2,126.51	7,086.06	409.56	237.31	180.35	52.68	33.09	124.66	1.49	10,544.52
Depreciation											
As at April 01, 2016	-	73.97	391.22	45.68	29.31	24.32	10.77	4.27	24.98	0.20	604.72
Charge for the year	-	86.00	516.81	43.28	30.77	19.55	11.14	7.20	26.39	0.33	741.47
Disposals	-	-	-	(0.02)	-	-	-	(6.77)	-	-	(6.79)
As at March 31, 2017	-	159.97	908.03	88.94	60.08	43.87	21.91	4.70	51.37	0.53	1,339.40
Charge for the year	-	88.90	553.17	44.84	33.09	21.22	9.59	7.30	23.64	0.33	782.08
Disposals	-	-	-	-	-	-	-	(3.37)	-	-	(3.37)
As at March 31, 2018	-	248.87	1,461.20	133.78	93.17	65.09	31.50	8.63	75.01	0.86	2,118.11
Net carrying value											
As at March 31, 2017	250.41	1,846.42	5,984.17	282.95	133.34	114.80	26.83	31.66	44.27	0.96	8,715.81
As at March 31, 2018	292.81	1,877.64	5,624.86	275.78	144.14	115.26	21.18	24.46	49.65	0.63	8,426.41

Capital Work in Progress : Rs.1,988.82 (March 31, 2017: Rs. 1,611.50).



Financial assets

4 Loans

	Non-Current		Current	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
(Unsecured, considered good)				
Security deposits	58.84	55.68	1.62	1.81
Other loans				
Loans to employees	-	-	3.11	2.19
	58.84	55.68	4.73	4.00

5 Other financial assets

	Non-Current		Current	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
(Unsecured, considered good)				
Bank deposits (refer note 11)	2.04	-	-	-
Interest accrued on bank deposits and others	-	-	32.31	4.42
	2.04	-	32.31	4.42

6 Trade receivables (Unsecured)

	March 31, 2018	March 31, 2017
Considered good*	4,752.10	4,178.73
Considered doubtful	16.22	-
Less: Allowances for doubtful receivables	(16.22)	-
	4,752.10	4,178.73

* Includes due from other related parties (refer note 34)

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 except as disclosed in note 34.

Trade receivables are non-interest bearing and are generally on terms of 30 - 90 days.

Breakup of financial assets

	March 31, 2018	March 31, 2017
Valued at amortised cost		
Loans	63.57	59.68
Trade receivables	4,752.10	4,178.73
Deposits and others	34.35	4.42
Cash & cash equivalents	3,728.41	5,330.77
Bank balances other than cash and cash equivalents	2,979.98	-
Total financial assets carried at amortised cost	11,558.41	9,573.60

7 Non-current tax assets

	March 31, 2018	March 31, 2017
(Unsecured, considered good)		
Advance income tax	196.24	193.95
Income tax paid under protest	2.12	2.12
	198.36	196.07

8 Other assets

	Non-Current		Current	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
(Unsecured, considered good)				
Capital advance	38.17	27.32	-	-
Advance recoverable in cash or in kind	-	-	71.64	116.63
Prepaid Expenses	-	-	103.75	55.56
Export rebate claims receivable	-	-	17.63	41.97
Export incentives receivable	17.46	34.45	502.78	380.86
Balance with statutory/ government authorities	43.52	15.12	1,188.16	181.37
	99.15	76.89	1,883.96	776.39

No advances are due from directors or other officers of the company or any of them either severally or jointly with any other persons or advances to firms or private companies respectively in which any director is a partner or a director or a member should be separately stated.

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

	March 31, 2018	March 31, 2017
Raw materials and components	2,611.69	1,935.94
Packing materials	886.76	916.47
Finished goods*	481.87	237.35
Work-in-progress	971.74	549.60
Stores and spares	176.24	147.83
	5,128.30	3,787.19
*Includes stock in trade	31.57	40.19



Gland Pharma Limited
CIN: U24239AP1978PLC002276

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

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

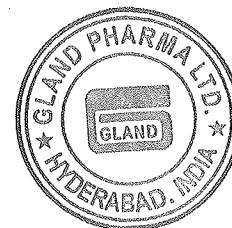
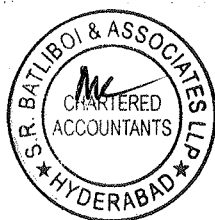
10 Cash and cash equivalents

	March 31, 2018	March 31, 2017
Balances with banks		
In current accounts	1,396.03	1,302.91
Deposits with original maturity of less than three months	2,331.97	4,027.38
Cash on hand	0.41	0.48
	<u>3,728.41</u>	<u>5,330.77</u>

11 Bank balances other than cash and cash equivalents

	Non-Current		Current	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Other bank deposits				
Deposit with original maturity 3-12 months	-	-	2,782.99	-
Margin money deposits*				
Deposit with original maturity 3-12 months	-	-	196.99	-
Deposit with original maturity more than 12 months	2.04	-	-	-
	<u>2.04</u>	-	<u>2,979.98</u>	-
Less: Amount disclosed under deposits and others (refer note 5)	(2.04)	-	-	-
	<u>-</u>	<u>-</u>	<u>2,979.98</u>	<u>-</u>

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



12 Equity share capital

	March 31, 2018	March 31, 2017
Authorised		
18,000,000 (March 31, 2017: 18,000,000) equity shares of Rs. 10 each	180.00	180.00
0.001 % 5,100,000 (March 31, 2017: 5,100,000) compulsorily convertible non cumulative preference shares of Rs. 10 each	51.00	51.00
0.001 % 1,200,000 (March 31, 2017: 1,200,000) redeemable convertible non cumulative preference shares of Rs. 10 each	12.00	12.00
	243.00	243.00
Issued, subscribed and fully paid up shares		
15,494,949 (March 31, 2017: 15,494,949) equity shares of Rs. 10 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 reporting period

Equity Shares	March 31, 2018		March 31, 2017	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	15,494,949	154.95	15,494,949	154.95
Less: Shares bought back during the year*	(942,500)	(9.43)	-	-
Add: Issued during the year#	942,500	9.43	-	-
	15,494,949	154.95	15,494,949	154.95

* During the year ended March 31, 2018, the Company bought back 942,500 equity shares under the buy-back of equity shares plan approved by the shareholders on September 15, 2017.

During the year ended March 31, 2018, the Company had issued 0.001 % 942,500 compulsorily convertible non cumulative preference shares of Rs. 10 each, which were converted into equity shares.

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

Particulars	March 31, 2018	March 31, 2016	March 31, 2015	March 31, 2014
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 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.

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 the holding company

Out of equity shares issued by the Company, shares held by its holding company are as below:

Name of the Shareholder	March 31, 2018	March 31, 2017
Fosun Pharma Industrial Pte. Ltd	114.66	-
11,466,262 (March 31, 2017: Nil) equity shares		

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

Name of the Shareholder	March 31, 2018		March 31, 2017	
	No. of Shares	% holding	No. of shares	% holding
Fosun Pharma Industrial Pte. Ltd	11,466,262	74.00%	-	-
Gland Celsius Bio-Chemicals Private Limited	2,009,487	12.97%	4,029,628	26.01%
RP Advisory Services Pvt Ltd being a Trustee of Empower Discretionary Trust	786,700	5.08%	786,700	5.08%
KKR Floorline Investments Pte Limited	-	-	5,896,599	38.05%

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

13 Other equity

	March 31, 2018	March 31, 2017
Securities premium account		
Balance, at the beginning of the year	5,149.72	5,149.72
Add: Issue of share capital	3,976.81	-
Less: Amount utilized towards buy back of shares	(3,236.59)	-
Balance, at the end of the year	5,889.94	5,149.72
Capital redemption reserve		
Balance, at the beginning of the year	24.01	24.01
Add: Amount transferred from general reserve on account of buy back	9.43	-
Balance, at the end of the year	33.44	24.01
General reserve		
Balance, at the beginning of the year	40.65	40.65
Add: Amount transferred to capital redemption reserve on account of buy back	(9.43)	-
Balance, at the end of the year	31.22	40.65
Retained earnings and other comprehensive income		
Balance, at the beginning of the year	15,528.78	11,401.35
Add: Profit for the year	3,211.14	4,137.26
Less: Tax on buy back of shares	(740.77)	-
Items recognised directly in Other comprehensive income		
Re-measurement loss on employee defined benefit plans (net of tax)	(5.03)	(9.83)
Balance at the end of the year	17,994.67	15,528.78
	23,949.27	20,743.16

14 Non-current borrowings

	Non-Current		Current maturities	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
From others (Unsecured)				
Deferred sales tax loan (refer note (a))	54.89	59.16	4.26	4.60
	54.89	59.16	4.26	4.60
Less: Amount disclosed under the head "other current financial liabilities" (refer note 16)	-	-	(4.26)	(4.60)
	54.89	59.16	-	-

(a) 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.

Changes in liabilities arising from financing activities

Particulars	April 01, 2017	Cash flows	March 31, 2018
Non-current borrowings (including current maturities)	63.76	(4.60)	59.16
Total liabilities from financing activities	63.76	(4.60)	59.16

Changes in liabilities arising from financing activities

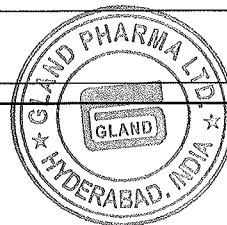
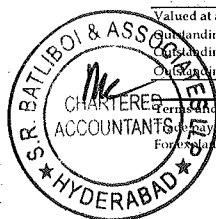
Particulars	April 01, 2016	Cash flows	March 31, 2017
Non-current borrowings (including current maturities)	771.39	(707.63)	63.76
Short-term borrowings	399.00	(399.00)	-
Total liabilities from financing activities	1,170.39	(1,106.63)	63.76

15 Trade payables

	March 31, 2018	March 31, 2017
Valued at amortised cost		
Outstanding dues to creditors other than micro enterprises and small enterprises	2,598.65	1,773.18
Outstanding dues to micro enterprises and small enterprises (refer note 32)	23.43	109.91
Outstanding dues to related parties (refer note 34)	302.07	9.80
	2,924.15	1,892.89

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 30-120 day terms. For details on the Company's credit risk management processes, refer to note 37.



16 Other financial liabilities

	Non-Current		Current	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Valued at amortised cost				
Current maturities of non-current borrowings (refer note 14)	-	-	4.26	4.60
Capital creditors	-	-	138.52	110.26
Trade deposits payable	5.57	3.67	-	-
Revenue received in advance	375.76	388.88	-	-
	381.33	392.55	142.78	114.86

Breakup of financial liabilities carried at amortised cost

	March 31, 2018	March 31, 2017
Valued at amortised cost		
Non current borrowings	54.89	59.16
Trade payables	2,924.15	1,892.89
Current maturities of non-current borrowings	4.26	4.60
Capital creditors	138.52	110.26
Trade deposits payable	5.57	3.67
Revenue received in advance	375.76	388.88
Total financial liabilities carried at amortised cost	3,503.15	2,459.46

17 Deferred tax liability (net)

	March 31, 2018	March 31, 2017
Deferred tax liability		
Accelerated depreciation for tax purposes	970.38	863.14
	970.38	863.14
Deferred tax asset		
Provision for employee benefits	7.30	7.70
Provision for doubtful debts	5.61	-
Provision for bonus	-	1.65
	12.91	9.35
Deferred tax liability (net)	957.47	853.79

For the year ended March 31, 2018:

	Opening balance	Recognised in profit & loss	Recognised in other comprehensive income	Closing balance
Accelerated depreciation for tax purposes	863.14	107.24	-	970.38
Provision for employee benefits	(7.70)	3.06	(2.66)	(7.30)
Provision for doubtful debts	-	(5.61)	-	(5.61)
Provision for bonus	(1.65)	1.65	-	-
Deferred tax liability (net)	853.79	106.34	(2.66)	957.47

For the year ended March 31, 2017:

	Opening balance	Recognised in profit & loss	Recognised in other comprehensive income	Closing balance
Accelerated depreciation for tax purposes	649.95	213.19	-	863.14
Provision for employee benefits	0.47	(2.97)	(5.20)	(7.70)
Provision for bonus	-	(1.65)	-	(1.65)
Deferred tax liability (net)	650.42	208.57	(5.20)	853.79

18 Provisions

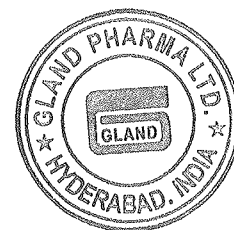
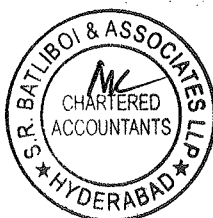
	March 31, 2018	March 31, 2017
Provision for employee benefits		
Provision for gratuity (refer note 31)	11.91	13.62
Provision for compensatory absences	9.18	8.63
	21.09	22.25

19 Current tax liabilities (net)

	March 31, 2018	March 31, 2017
Income tax (net of advance tax and tax deducted at source)	129.00	-
	129.00	-

20 Other current liabilities

	March 31, 2018	March 31, 2017
Statutory dues	32.65	81.65
Advances from customers	503.16	388.06
Unearned revenue	32.67	34.13
	568.48	503.84



Gland Pharma Limited

CIN: U24239AP1978PLC002276

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

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

21 Revenue from operations (Gross)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue from sale of goods (including excise duty)		
- Domestic	1,698.83	1,405.38
- Export	12,507.61	8,807.94
	(A) <u>14,206.44</u>	<u>10,213.32</u>
Revenue from sale of services		
- Domestic	902.19	1,482.72
- Export	721.54	2,872.01
	(B) <u>1,623.73</u>	<u>4,354.73</u>
Other operating income		
- Export incentives	398.76	348.22
	(C) <u>398.76</u>	<u>348.22</u>
(A+B+C)	<u>16,228.93</u>	<u>14,916.27</u>

Sale of goods includes excise duty collected from customers of Rs. 29.52 (March 31, 2017: Rs. 124.51). Revenue from operations for periods up to June 30, 2017 includes excise duty. From July 01, 2017 onwards the excise duty and most indirect taxes in India have been replaced Goods and Service Tax (GST). The group collects GST on behalf of the Government. Hence, GST is not included in revenue from operations. In view of the aforesaid change in indirect taxes, revenue from operations for the year ended March 31, 2018 is not comparable with March 31, 2017.

22 Other income

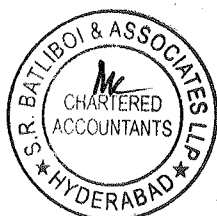
	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest on		
- Fixed deposits	268.80	175.82
- Others	2.88	2.72
Foreign exchange gain (net)	213.18	151.78
Profit on disposal of property, plant and equipment	0.21	0.48
Insurance claim	0.01	0.84
Miscellaneous income	2.81	3.97
	<u>487.89</u>	<u>335.61</u>

23 Cost of materials consumed

	For the year ended March 31, 2018	For the year ended March 31, 2017
Inventory at the beginning of the year	1,935.94	1,424.31
Add: Purchases	6,048.75	3,671.67
	<u>7,984.69</u>	<u>5,095.98</u>
Less: Inventory at the end of the year	2,611.69	1,935.94
Cost of raw materials consumed	<u>5,373.00</u>	<u>3,160.04</u>
Cost of packing materials consumed	1,809.98	1,346.61
	<u>7,182.98</u>	<u>4,506.65</u>

24 (Increase)/ decrease in inventories

	For the year ended March 31, 2018	For the year ended March 31, 2017
Inventories at the end of the year		
Finished goods	481.87	237.35
Work in progress	971.74	549.60
	<u>1,453.61</u>	<u>786.95</u>
Inventories at the beginning of the year		
Finished goods	237.35	268.87
Work in progress	549.60	981.80
	<u>786.95</u>	<u>1,250.67</u>
	<u>(666.66)</u>	<u>463.72</u>



Gland Pharma Limited

CIN: U24239AP1978PLC002276

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

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

25 Employee benefits expense

	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, wages and bonus	1,612.21	1,399.00
Contribution to provident and other fund (refer note 31)	80.17	67.00
Gratuity expense (refer note 31)	33.64	16.28
Staff welfare expenses	64.78	51.88
	1,790.80	1,534.16

26 Other expenses

	For the year ended March 31, 2018	For the year ended March 31, 2017
Stores Consumed	206.60	186.89
Rent (refer note 39(a))	24.84	62.74
Repairs and maintenance:		
- Plant and machinery	166.27	127.23
- Buildings	66.66	89.66
- Other	11.66	10.78
Rates and taxes	211.23	202.05
Quality control expenses	235.14	204.11
Research and development expenses	189.12	198.67
Legal and professional charges*	467.75	78.20
Carriage outwards	71.25	72.04
Insurance	23.49	23.08
Printing and stationery	21.29	18.55
Travelling and conveyance	23.10	24.68
Selling and business promotion expenses	20.10	20.51
Sales commission	7.96	21.44
Postage and courier	3.41	3.94
Telephone expenses	6.14	6.52
Vehicle maintenance	6.84	7.35
Payment to auditors:		
Statutory audit fees	4.00	5.00
Certifications fees and others	2.28	2.58
Out of pocket expenses	0.06	0.10
Provision for doubtful debts	16.22	-
Bad debts written off	12.82	10.94
Assets written off	-	11.30
Miscellaneous expenses	41.45	28.01
CSR expenditure (Refer Note 28)	6.82	1.61
	1,846.50	1,417.98

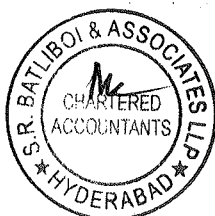
* Includes Rs. 425.07 (March 31, 2017: 59) towards transaction cost for acquisition of 74% stake by Fosun in the company.

27 Finance cost

	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest expense	31.31	50.30
Bank charges	9.94	13.62
	41.25	63.92

28 Details of CSR expenditure

	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Gross amount required to be spent by the Company during the year:	87.36	70.65
(b) Amount spent during the year	6.82	1.61



Gland Pharma Limited
CIN: U24239AP1978PLC002276

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

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

29 Taxes

(a) Income tax expense:

The major components of income tax expenses for the year ended March 31, 2018 and for the year ended March 31, 2017 are:

(i) Profit or loss section

Particulars	For the year ended March	For the year ended March
	31, 2018	31, 2017
Current income tax charge	1,694.59	1,430.29
Deferred tax charge	106.34	208.57
Adjustment of current income tax relating to earlier years	3.54	3.99
Total income tax expense recognised in statement of Profit & Loss	1,804.47	1,642.85

(ii) OCI Section

Particulars	For the year ended March	For the year ended March
	31, 2018	31, 2017
Net gain on remeasurement of defined benefit plans	(2.66)	(5.20)
Income tax charged to OCI	(2.66)	(5.20)

(b) Reconciliation of effective tax rate:

Particulars	For the year ended March	For the year ended March
	31, 2018	31, 2017
Profit Before Tax (A)	5,015.61	5,780.11
Enacted tax rate in India (B)	34.61%	34.61%
Expected tax expenses (C = A*B)	1,735.80	2,000.38
Permanent Difference		
Deduction under section 10AA of the Income Tax Act, 1961	(82.46)	(636.24)
Weighted deduction under section 35(2AB) under the Income Tax Act, 1961 (a)	(183.41)	(273.10)
Deduction under section 32AC of the Income Tax Act, 1961	-	(210.81)
Expenses disallowed under Income Tax Act, 1961	444.29	62.62
Adjustment for taxes with respect to earlier years	10.23	11.53
Others	9.77	12.92
Total (D)	198.42	(1,033.08)
Profit after adjusting permanent difference	5,214.03	4,747.03
Expected tax expense	1,804.47	1,642.85
Total Tax expense	1,804.47	1,642.85
Effective Tax Rate	35.98%	28.42%

(a) India's Finance Act, 2016 incorporated an amendment that reduces the weighted deduction on eligible research and development expenditure in a phased manner from 200% to 150% commencing from 1 April 2017.



Gland Pharma Limited

CIN: U24239AP1978PLC002276

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

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

30 Earnings per share

	March 31, 2018	March 31, 2017
The following reflects the profit and share data used in the basic and diluted EPS computations:		
i) Profit for the year attributable to equity shareholders	3,211.14	4,137.26
ii) Weighted average number of equity shares in calculating basic EPS	15,164,428	15,494,949
iii) Weighted average number of equity shares in calculating diluted EPS	15,494,949	15,494,949
vi) Face value of each equity share (Rs.)	10	10
iv) Basic Earnings per share	211.75	267.01
v) Diluted Earnings per share	207.24	267.01

31 Gratuity

I Defined Benefit Plans

The Company has a defined benefit gratuity plan and governed by 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 LIC. 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 expenses)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Current service cost	22.35	16.94
Past service cost	10.33	-
Interest cost	8.41	6.95
Expected return on plan assets	(7.45)	(7.61)
Net employee benefit expenses	33.64	16.28
Actual return on plan asset	7.45	7.61

B) Amount recognised in the Balance Sheet

	March 31, 2018	March 31, 2017
Defined benefit obligation	150.08	120.42
Fair value of plan assets	(138.17)	(106.80)
	11.91	13.62

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

	March 31, 2018	March 31, 2017
Opening defined benefit obligation	120.42	87.19
Current service cost	22.35	16.94
Interest cost	8.41	6.95
Benefits paid	(19.67)	(5.37)
Past service cost	10.33	-
Net Actuarial losses on obligation for the year recognised under OCI	8.24	14.71
Closing defined benefit obligation	150.08	120.42

D) Change in the fair value of plan assets

	March 31, 2018	March 31, 2017
Opening fair value of plan assets	106.80	95.37
Expected return on plan assets	7.45	7.61
Contributions	43.04	9.51
Benefits paid	(19.67)	(5.37)
Net Actuarial losses / (gains) on plan assets for the year recognised under OCI	0.55	(0.32)
Closing fair value of plan assets	138.17	106.80

The Company expects to contribute Rs. 35.44 to the gratuity fund in the next year (March 31, 2017: Rs. 16.33)

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

	March 31, 2018	March 31, 2017
Investments with LIC	100.00%	100.00%

E) Re measurement adjustments:

	March 31, 2018	March 31, 2017
Experience loss/ (gain) on plan liabilities	15.69	6.09
Experience loss/ (gain) on plan assets	(0.55)	0.32
Financial loss/ (gain) on plan liabilities	(7.45)	8.62
Re measurement losses recognised in other comprehensive income:	7.69	15.03

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

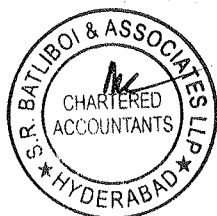
	March 31, 2018	March 31, 2017
Discount rate	7.65%	8.00%
Expected rate of return on assets	8.25%	8.25%
Salary rise	8.00%	8.00%
Attrition Rate	10.00%	10.00%

The estimates of future salary increases, considered in the actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the actual rate of return during the current year.

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

Expected benefit payments for the year ending:	March 31, 2018	March 31, 2017
Year ending		
1 year	21.04	16.33
2-5 years	62.40	48.45
6-10 years	70.63	51.99



Gland Pharma Limited

CIN: U24239AP1978PLC002276

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

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

(iii) Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption is as shown below:

- (a) Effect of 1% change in assumed discount rate
 - 1% increase
 - 1% decrease
- (b) Effect of 1% change in assumed salary growth rate
 - 1% increase
 - 1% decrease
- (c) Effect of 1% change in assumed attrition rate
 - 1% increase
 - 1% decrease

	March 31, 2018	March 31, 2017
	139.54	111.55
	161.59	130.08
	160.64	128.80
	140.05	112.31
	147.54	116.91
	152.82	124.75

II Defined Contribution Plan

Contribution to Provident Fund

	For the year ended March 31, 2018	For the year ended March 31, 2017
	80.17	67.00

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

The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year

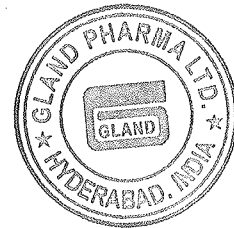
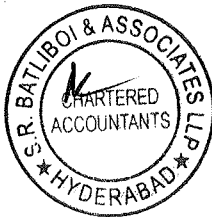
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year

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.

The amount of interest accrued and remaining unpaid at the end of each accounting year; and

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.

	March 31, 2018	March 31, 2017
	23.43	109.91
	-	-
	-	-
	-	-
	-	-
	-	-



Gland Pharma Limited

CIN: U24239AP1978PLC002276

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

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

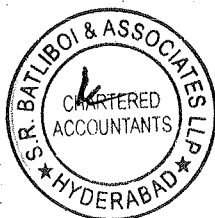
33 Research and development

i). Details of Revenue expenditure (expensed as and when incurred):

	For the year ended March 31, 2018	For the year ended March 31, 2017
Cost of materials consumed	77.52	86.44
Raw Materials Consumed	5.87	4.66
Power and Fuel		
Employee benefits expenses	130.34	115.56
Salaries, allowances and wages	6.91	6.38
Contribution to provident fund and other funds	1.29	0.59
Staff welfare expenses		
Other Expenses	116.50	55.32
Rates and taxes	189.12	198.67
Research and development expenses	6.51	2.06
Repairs and maintenance:	2.91	7.10
Others		
	33.09	30.77
Depreciation and Amortisation		
	570.06	507.55
Total		

ii). Details of research and development assets :

Particulars	Research and development			Total
	Equipments	Furniture and fixtures	Computers	
Gross Block				176.57
As at April 01, 2016	163.32	6.25	7.00	16.85
Additions	16.09	0.12	0.64	193.42
As at March 31, 2017	179.41	6.37	7.64	43.89
Additions	39.18	0.95	3.76	237.31
As at March 31, 2018	218.59	7.32	11.40	
Depreciation/Amortisation				29.31
As at April 01, 2016	25.63	1.05	2.63	30.77
Charge for the year	27.33	1.06	2.38	60.08
As at March 31, 2017	52.96	2.11	5.01	33.09
Charge for the year	29.87	1.11	2.11	93.17
As at March 31, 2018	82.83	3.22	7.12	
Net Block				133.34
As at March 31, 2017	126.45	4.26	2.63	144.14
As at March 31, 2018	135.76	4.10	4.28	



Gland Pharma Limited

CIN: U24239AP1978PLC002276

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

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

34 Related party disclosures

Names of related parties and description of relationship

Name of the related party	Relationship
Enterprise which exercises significant influence	
KKR Floorline Investors Pte Limited (Upto October 03, 2018)	
Fellow subsidiary	
Chongqing Pharmaceutical Research Institute Co., Ltd	
Enterprise over which Key Management Personnel exercise significant influence	
i) Gland Chemicals Private Limited	
ii) Gland Celsus Biochemicals Private Limited	
iii) Nicomac Clean Rooms Far East Private Limited (Upto October 03, 2018)	
iv) Moreschi Asia Doors Private Limited (Upto October 03, 2018)	
v) Dhananjaya Properties LLP	
vi) Sasikala Properties LLP	
Key Management Personnel	
i) Sri P.V.N. Raju	Chairman and Director
ii) Dr. Ravi Penmetsa	Managing Director and Chief Executive Officer
iii) Srinivas Sadu	Chief Operating Officer and Whole Time Director (WTD upto October 03, 2018)
iv) B.Narasimha Rao	Chief Financial Officer and Whole Time Director (CFO and WTD upto October 03, 2018)
v) Mrs K Jhansi Lakshmi.	Vice President (Finance) and Whole Time Director (VP and WTD upto October 03, 2018)
Relatives of Key Management Personnel	
i) K Praveen Kumar (Upto October 03, 2018)	
ii) Smt. P. Suryakantham	
iii) Mr Nakul V Penmetsa	

Transactions during the year:

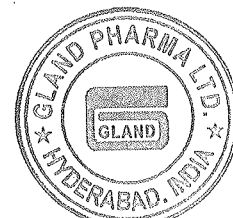
Nature	For the year ended March 31, 2018	For the year ended March 31, 2017
Enterprise over which Key Management Personnel exercise significant influence		
Gland Chemicals Private Limited	Purchase of raw material 782.55	31.72
	Sale of goods 85.25	5.12
Nicomac Clean Rooms Far East Private Limited	Purchase of capital goods 24.18	58.07
Moreschi Asia Doors Private Limited	Purchase of capital goods 1.16	7.71
Dhananjaya Properties LLP	Rent expense 2.02	1.94
Sasikala Properties LLP	Rent expense 1.26	1.48
Gland Celsus Bio Chemicals Pvt Ltd	Sale of Vehicles 0.63	-
Fellow subsidiary		
Chongqing Pharmaceutical Research Institute Co., Ltd	Purchase of raw material 75.44	-
Key Management Personnel ^		
Sri P.V.N. Raju	Managerial remuneration 6.06	7.83
	Rent expense 0.20	0.19
Dr. Ravi Penmetsa	Managerial remuneration 78.13	78.04
Mrs K Jhansi Lakshmi	Managerial remuneration 3.22	6.38
	Rent expense 1.36	1.69
B. Narasimha Rao	Managerial remuneration 5.19	10.96
Srinivas Sadu	Managerial remuneration 6.07	12.74
Relatives of Key Management Personnel		
Smt. P. Suryakantham	Rent expense 0.20	0.19
K Praveen Kumar	Rent expense 0.09	0.18
Nakul Penmetsa	Salary expense 1.75	2.89

Closing balances receivable/(payable) (Unsecured):

	March 31, 2018	March 31, 2017
Chongqing Pharmaceutical Research Institute Co., Ltd	(65.49)	-
Gland Chemicals Private Limited	(236.58)	(9.80)
Gland Chemicals Private Limited	31.07	5.12
Nicomac Clean Rooms Far East Private Limited	-	2.30
Moreschi Asia Doors Private Limited	-	(2.08)
Dhananjaya Properties LLP	-	(0.17)
Sasikala Properties LLP	-	(0.13)
Sri P.V.N. Raju	-	(0.02)
Dr. Ravi Penmetsa	(53.97)	(57.08)
Mrs K Jhansi Lakshmi	-	(0.15)
Smt. P. Suryakantham	-	(0.02)
K Praveen Kumar	-	(0.01)

^ 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.



Gland Pharma Limited

CIN: U24239AP1978PLC002276

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

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

35 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.

(A) Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

(i) Lease commitments - the Company as lessee

The Company has entered into leases for office premises. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of office premises and the fair value of the asset, that it does not retain significant risks and rewards of ownership of the office premises and accounts for the contracts as operating leases.

(B) 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 31.

(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, though these rates in certain cases are different from lives prescribed under Schedule II of the Companies Act, 2013.

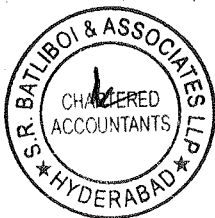
36 Fair Values

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	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Financial assets at amortised cost:				
Loans	63.57	59.67	63.57	59.67
Deposits and others	34.35	4.42	34.35	4.42
Trade receivables	4,752.10	4,178.73	4,752.10	4,178.73
Cash & cash equivalents	3,728.41	5,330.76	3,728.41	5,330.76
Bank balances other than above	2,979.98	-	2,979.98	-
Financial liabilities at amortised cost:				
Borrowings (including current maturities)	59.15	63.76	59.15	63.76
Trade Payables	2,924.15	1,892.90	2,924.15	1,892.90
Other liabilities	519.85	502.81	519.85	502.81

The management assessed that cash and cash equivalents, trade receivables, trade payables and other current 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.



Gland Pharma Limited

CIN: U24239AP1978PLC002276

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

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

37 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 are defined in accordance with this assessment and outstanding customer receivables are regularly monitored. 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 profit or 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 statements of financial position 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. 4,752.10 and Rs. 4,178.73 as of March 31, 2018 and March 31, 2017 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, 2018:					
Borrowings (including current maturities)	4.26	14.21	2.48	38.20	59.15
Trade Payables	2,924.15	-	-	-	2,924.15
Other Payables	514.28	-	-	5.57	519.85
	<u>3,442.69</u>	<u>14.21</u>	<u>2.48</u>	<u>43.77</u>	<u>3,503.15</u>
March 31, 2017:					
Borrowings (including current maturities)	4.60	9.56	10.26	39.34	63.76
Trade Payables	1,892.90	-	-	-	1,892.90
Other Payables	499.14	-	-	3.67	502.81
	<u>2,396.64</u>	<u>9.56</u>	<u>10.26</u>	<u>43.01</u>	<u>2,459.47</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, credit, liquidity and other market changes.

C1. Interest rate risk

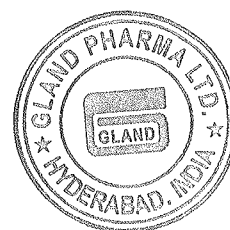
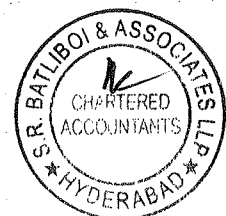
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on borrowings, as follows:

	Change in basis points		Effect on profit before tax	
	Increase	Decrease	Decrease	Increase
March 31, 2018				
Indian Rupees	0.50%	-0.50%	-	-
March 31, 2017				
Indian Rupees	0.50%	-0.50%	(2.22)	2.22

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.



Gland Pharma Limited

CIN: U24239AP1978PLC002276

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

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

C2. 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 or 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 Unhedged Foreign Currency Exposure:

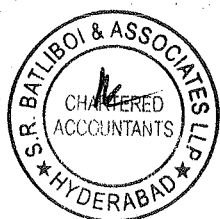
The year end foreign currency exposures that have not been hedged by a derivative instrument are as under -

	Currency	March 31, 2018			March 31, 2017		
		Amount in Foreign Currency	Amount in Rs.	Conversion Rate	Amount in Foreign Currency	Amount in Rs.	Conversion Rate
Cash and cash equivalent	USD	15.94	1,032.73	64.79	16.86	1,088.12	64.53
	EURO	0.01	0.62	79.63	0.01	0.83	68.67
Trade receivables	USD	64.98	4,210.05	64.79	55.07	3,553.50	64.53
	EURO	0.16	12.46	79.63	0.53	36.69	68.67
	AUD	0.09	4.29	49.47	0.10	4.85	49.11
	CAD	0.33	16.58	50.00	-	-	-
Advances recoverable in cash or kind	USD	0.31	20.33	64.79	1.30	83.71	64.53
	EURO	0.50	40.20	79.63	0.36	24.52	68.67
	GBP	0.00	0.15	-	-	-	-
Capital advance	USD	0.03	2.10	64.79	0.02	1.61	64.53
	EURO	0.07	5.23	79.63	0.22	14.81	68.67
	GBP	0.00	0.05	91.03	0.00	0.05	80.37
	CHF	0.01	0.60	69.50	-	-	-
Trade payables	USD	16.33	1,067.15	65.35	12.46	809.83	65.02
	EURO	2.58	208.80	80.90	2.19	152.38	69.70
	YEN	1.95	1.20	0.62	-	-	-
Capital creditors	USD	0.80	52.16	65.35	0.59	38.09	65.02
	EURO	0.11	9.03	80.90	0.06	4.08	69.70
Advance from customers	USD	6.93	453.18	65.35	4.87	316.93	65.02
Revenue received in advance	USD	5.75	375.76	65.35	5.98	388.88	65.02

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, 2018				
USD	1.00%	1.00%	33.17	(33.17)
EURO	1.00%	1.00%	(1.59)	1.59
March 31, 2017				
USD	1.00%	1.00%	32.07	32.07
EURO	1.00%	1.00%	(0.80)	0.80



Gland Pharma Limited

CIN: U24239AP1978PLC002276

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

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

38 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 period ended March 31, 2018 and March 31, 2017.

39 Commitments and Contingencies

a. Leases

Operating lease commitments - Company as lessee

Operating leases are mainly in the nature of lease of office premises with no restrictions and are renewable/ cancellable at the option of either of the parties. The escalation rates range from 0% to 10% per annum as per the terms of the lease agreement. There are no sub-leases. There are no restrictions imposed by lease arrangements. The aggregate amount of operating lease payments recognized in the Statement of Profit and Loss is Rs. 24.84 (March 31, 2017: Rs. 62.74).

b. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for
Other commitments

	March 31, 2018	March 31, 2017
	312.30	196.64
	Nil	Nil

c. Contingent Liabilities

- (i) Outstanding bank guarantees (excluding performance obligations)
- (ii) Claims against the Company not acknowledged as debts
- (iii) Demand for direct taxes
- (iv) Demand for indirect taxes

	March 31, 2018	March 31, 2017
	22.51	25.70
	33.39	21.08
	9.63	0.86
	134.61	792.26
	200.14	839.90

40 Disclosure on Specified Bank Notes (SBNs)

During the previous year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	0.68	0.33	1.01
Add: Permitted receipts	-	3.11	3.11
Less: Permitted payments	-	2.93	2.93
Less: Amount deposited in banks	0.68	-	0.68
Closing cash in hand as on December 30, 2016	-	0.51	0.51

*For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.



Gland Pharma Limited

CIN: U24239AP1978PLC002276

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

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

41 Segment reporting

For management purposes, the Company is organised into business units based on its markets and has three reportable segments, as follows:

Segments are identified in line with Ind AS 108 'Operating segments', taking into consideration the internal organisation and management structure as well as the differential risk and returns of the segment.

Although the Company's operating divisions are managed on a worldwide basis, they operate in 3 major geographical areas of the world, in India (its home country), North America & Europe and Rest of World.

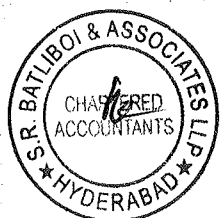
For the financial year ended March 31, 2018

	Segment revenue	Carrying amount of segment assets
India	3,000.13	25,375.47
North America & Europe	12,469.06	3,253.07
Rest of the world	759.74	654.87
Total	16,228.93	29,283.41

For the financial year ended March 31, 2017

	Segment revenue	Carrying amount of segment assets
India	3,241.60	20,815.77
North America & Europe	10,684.16	3,140.94
Rest of the world	990.51	780.74
Total	14,916.27	24,737.45

The Company has entire fixed assets situated within India for producing goods to sell in domestic as well as overseas markets. Hence, separate figures for fixed assets/ additions to fixed assets have not been furnished.



Gland Pharma Limited
CIN: U24239AP1978PLC002276

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

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

42 Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

i. Ind AS 115, Revenue from contracts with customers

Ind AS 115 was notified on March 28, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Company. Ind AS 115 is effective for the Company in the first quarter of fiscal 2019 using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (1 April 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Company continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Company's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The management continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

ii. Amendments to certain Indian Accounting Standards:

The Ministry of Corporate Affairs (MCA), on March 28, 2018, issued certain amendments to Ind AS. The amendments relate to the following standards:

- Ind AS 21, The Effects of Changes in Foreign Exchange Rates,
- Ind AS 12, Income Taxes and
- Ind AS 112, Disclosure of Interests in Other Entities

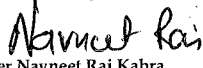
The amendments are effective April 01, 2018. The Company believes that the aforementioned amendments will not materially impact the financial position, performance or the cash flows of the Company.

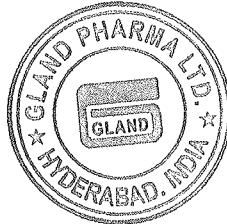
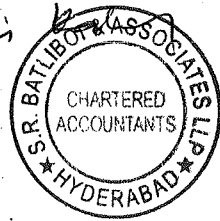
As per our report of even date attached

For S.R.BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Navneet Rai Kahra
Partner
Membership No. 102328




Place: Hyderabad
Date: August 21, 2018

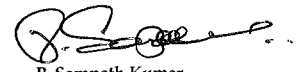
For and on behalf of the Board of Directors

Gland Pharma Limited


Dr. Ravi Penmetsa
Managing Director and
Chief Executive Officer
DIN: 0179939


Yiran Peng
Director and
Chief Financial Officer
DIN: 07675475


Guan Xiaohui
Director
DIN: 07675466


P. Sampath Kumar
Company Secretary

Place: Hyderabad
Date: August 21, 2018