# NOTES

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## 1 BACKGROUND

Solara Active Pharma Sciences Limited, formerly known as SSL Pharma Sciences Limited, (hereinafter referred as "the Company") is a public limited Company incorporated on February 23, 2017 under the provisions of Companies Act, 2013 with the object of, inter alia, undertaking the business of manufacturing, production, processing, formulating, sale, import, export, merchandising, distributing, trading of and dealing in active pharmaceutical ingredients. The Company has its registered address at 201, Devavrata, Sector 17, Vashi, Navi Mumbai 400 703.

The standalone financial statements were approved by the Board of Directors and authorised for issue on May 7, 2020.

These financial statements comprise the Standalone Balance sheet of the Company, Standalone Statement of Profit and Loss (including Other Comprehensive Income) and Standalone Cash flow statement, Standalone statement of changes in equity and significant accounting policies and other explanatory information (together the "standalone financial statements").

## 2.1 Significant accounting policies

### (i) Statement of compliance

These standalone financial statements have been prepared to comply in all material aspects with the 'Indian Accounting Standards' ("Ind AS") notified under Section 133 of the Companies Act, 2013(the "Act") read with Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter, as applicable to the Company, and other relevant provisions of the Act.

### (ii) Basis of measurement

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value as described in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

### (iii) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange of control of the acquiree. Acquisition-related costs are generally recognised in statement of profit and loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

### (iv) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

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### (v) Revenue recognition

Revenue is measured at the amount of consideration which the Company expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government) and is recorded net of provisions for sales discounts and returns, which are established at the time of sale. Consideration is generally due upon satisfaction of performance obligations and a receivable is recognized when it becomes unconditional. Where the collection of accounts receivable is expected to be after one year from the date of sale, revenues are discounted for the time value of money.

**Sale of goods**

The Company receives revenue for supply of pharmaceutical products to external customers against orders received. The majority of these contracts contain single performance obligation for supply of goods. The average duration of a customers' order is less than 12 months.

Revenue from sale of goods is recognised upon transfer of control to the customer. The point at which control passes depends on the terms set forth in the customer's contract. Generally, the control is transferred upon shipment of the product to the customer or when the product is made available to the customer, provided transfer of title to the customer occurs and the Company has not retained any significant risks of ownership or future obligations with respect to the product sold.

**Sale of services**

Revenue from development services is recognised on achievement of a development milestone and when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Revenue from fixed-price, fixed time frame contracts, where the performance obligations are satisfied overtime is recognized on a straight-line basis over the specified period unless some other method better represents the stage of completion, provided there is no uncertainty as to measurement or collectability of the consideration.

**Share of Profit and Royalties**

Share of profits and royalty incomes under manufacturing and supply agreements with customers are accrued based on sales as confirmed by the customers.

### (vi) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### (vii) Export Incentives

Export incentives are accrued for based on fulfillment of eligibility criteria for availing the incentives and when there is no uncertainty in receiving the same. These incentives include estimated realisable values/benefits from special import licenses and benefits under specified schemes as applicable.

### (viii) Leases

**The Company as lessor**

Leases for which the Company is a lessor is classified as a finance or operating lease. Contracts in which all the risks and rewards of the lease are substantially transferred to the lessee are classified as a finance lease. All other leases are classified as operating leases.

Leases, for which the Company is an intermediate lessor, it accounts for the head-lease and sub-lease as two separate contracts. The sub-lease is classified as a finance lease or an operating lease by reference to the RoU asset arising from the head-lease.

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease

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and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

**The Company as lessee**

The Company assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves–

(a) the use of an identified asset,

(b) the right to obtain substantially all the economic benefits from use of the identified asset, and

(c) the right to direct the use of the identified asset.

The Company has entered into lease arrangements for its factory land and office premises. The Company at the inception of the lease contract recognizes a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

### (ix) Foreign currencies transactions and translation

Items included in the standalone financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian Rupee (INR), which is the Company's functional and presentation currency.

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets, are capitalized as cost of assets.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated. Income and expense items in foreign currency are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used.

### (x) Borrowing costs

Borrowing costs include:

(i) interest expense calculated using the effective interest rate method,

(ii) finance charges in respect of finance leases, and

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(iii) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in statement of profit and loss in the period in which they are incurred.

## (xi) Employee benefits

**Short term obligations**

Liabilities for wages and salaries, including other benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

**Retirement benefit costs and termination benefits**

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to statement of profit and loss. Past service cost is recognised in statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the standalone balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

**Defined contribution plan**

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

**Compensated absences**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised at an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date. In respect of compensated absences expected to occur within twelve months after the end of the period in which the employee renders the related services, liability for short-term employee benefits is measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

**(xii) Taxation**

The income tax expense or credit for the year is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences.

**Current tax**

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the standalone statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set-off against future tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.



Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

**Current and deferred tax for the period**

Current and deferred tax are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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### (xiii) Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

**Freehold land is not depreciated.**

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed to be different and are as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

| | | |
|---|---|---|
| Building | : | 10 - 60 years |
| Plant & Machinery | : | 8 - 20 years |
| Vehicles | : | 5 years |
| Office Equipment | : | 3 - 5 years |

Individual assets costing less than ₹ 5,000 are depreciated in full in the year of purchase.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit and loss.

### (xiv) Investment property

Properties that is held for long-term rentals or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of the investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment property are depreciated using the straight line method over their estimated useful lives. Investment properties generally have a useful life of 25-40 years. The useful life has been determined based on technical evaluation performed by the management's expert.

### (xv) Intangible assets

**Intangible assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and

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amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

**Intangible assets acquired in a business combination**

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

**Derecognition of intangible assets**

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in statement of profit and loss when the asset is derecognised.

**Useful lives of intangible assets**

Intangible assets are amortised over their estimated useful life on straight line method as follows:

| | | |
|---|---|---|
| Product portfolio | : | 10 years |
| Software Licenses | : | 3 - 5 years |
| Registration and brands | : | 5 - 10 years |

## (xvi) Impairment of assets

**Impairment of financial assets:**

The Company assesses at each date of balance sheet, whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the twelve-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.

**Impairment of investment in subsidiaries**

The Company reviews its carrying value of investments in subsidiaries at cost, annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

**Impairment of goodwill**

For the purposes of impairment testing, goodwill is allocated to cash-generating units. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which such goodwill arose.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

**Impairment of non-financial assets other than goodwill**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount

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of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of profit and loss.

### (xvii) Inventories

Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads. Cost is determined as follows:

Raw materials, packing materials and consumables: weighted average basis
Work-in progress: at material cost and an appropriate share of production overheads.

Finished goods: material cost and an appropriate share of production overheads

Stock-in trade: weighted average basis

### (xviii) 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 the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**Onerous contracts**

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

### (xix) Contingent liabilities

Contingent liabilities are disclosed in notes when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

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### (xx) Financial instruments

**Investment in subsidiaries**

The Company has accounted for its investments in subsidiaries at cost less impairment.

**Other financial assets and financial liabilities**

Other financial assets and financial liabilities are recognised when Company becomes a party to the contractual provisions of the instruments.

**Initial recognition and measurement:**

Other financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in statement of profit and loss.

**Subsequent measurement:**

Financial assets at amortised cost: Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss: Financial assets are measured at fair value through profit or loss unless it measured at amortised cost or fair value through other comprehensive income on initial recognition. The transaction cost directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in the statement of profit and loss.

Financial liabilities are measured at amortised cost using effective interest rate method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**Derecognition of financial assets and liabilities:**

The Company derecognises the financial asset only when the contractual rights to the cashflows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of the ownership of the asset to the other entity . If the Company neither transfers nor retains substantially all risks and rewards of ownership and continues to control the transferred asset , the Company recognizes its retained interest in the asset and associated liability for the amounts it may have to pay . If the Company retains substantially all risks and rewards of the ownership of a transferred financial asset , the Company continues to recognize the financial asset and also recognizes a collaterised borrowing for the proceeds received. Financial liabilities are derecognised when these are extinguished, that is when the obligation is discharged, cancelled or has expired.

**Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue cost.

### (xxi)Operating Cycle

Based on the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months. The above basis is used for classifying the assets and liabilities into current and non-current as the case may be.

### (xxii) Key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Impairment of goodwill and other non-financial assets**

Determining whether the asset is impaired requires to assess the recoverable amount of the asset or Cash Generating Unit (CGU) which is compared to the carrying amount of the asset or CGU, as applicable. Recoverable amount is the higher of fair value less costs of disposal and value in use. Where the carrying amount of an asset or CGU exceeds the recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a impairment loss may arise.

**Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**Useful lives of property, plant and equipment**

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This assessment may result in change in the depreciation expense in future periods.

**Litigations**

The Company is a party to certain indirect tax disputes. Uncertain tax items for which a provision is made relate principally to the interpretation of tax legislation applicable to arrangements entered into by the Company. Due to the uncertainty associated with such tax items, it is possible that, on conclusion of open tax matters at a future date, the final outcome may differ significantly.

**Leases under Ind AS 116:**

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

**(xxiii) Estimation uncertainty relating to the global health pandemic on COVID-19**

COVID-19 is the infectious disease caused by the most recently discovered coronavirus, SARS CoV 2. In March 2020 the WHO declared COVID-19, a pandemic. The Company has adopted measures to curb the spread of infection in order to protect the health of the employees and ensure business continuity with minimal disruption.

In assessing the recoverability of property plant and equipment, investment property, goodwill, receivables and intangible assets, the Company has considered internal and external information up to the date of approval of these financial statements including economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

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## NOTE NO. 3 (i) PROPERTY, PLANT AND EQUIPMENT

₹ in Crores

| Particulars | Gross block | | | | | | | Accumulated depreciation | | | | | Net block | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1-Apr-2019 | Additions pursuant to the Scheme (Refer note 37 (a)) | Additions pursuant to business acquisition (Refer note 37 (b)) | Additions | Disposals | Derecognised on disposal of business (Refer note 38) | As at 31-Mar-2020 | As at 1-Apr-2019 | Depreciation expense for the year | Eliminated on disposal of assets | Eliminated on disposal of busines (Refer note 38) | As at 31-Mar-2020 | As at 31-Mar-2020 | As at 31-Mar-2019 |
| Land: | | | | | | | | | | | | | | |
| - Freehold | 57.18 | - | - | - | - | - | 57.18 | - | - | - | - | - | 57.18 | 57.18 |
| | (55.00) | - | - | (2.18) | - | - | (57.18) | - | - | - | - | - | (57.18) | (55.00) |
| Leasehold Land under finance lease* | - | - | - | - | - | - | - | - | - | - | - | - | - | 18.35 |
| | - | - | - | (18.52) | - | - | (18.52) | - | (0.17) | - | - | (0.17) | (18.35) | - |
| Leasehold Improvements | 14.30 | - | - | 0.03 | - | - | 14.33 | 3.47 | 2.90 | - | - | 6.37 | 7.96 | 10.83 |
| | (13.21) | - | - | (1.09) | - | - | (14.30) | (0.73) | (2.74) | - | - | (3.47) | (10.83) | (12.48) |
| Buildings | 193.85 | - | - | 53.86 | - | - | 247.71 | 11.55 | 8.80 | - | - | 20.35 | 227.36 | 182.30 |
| | (171.29) | (26.64) | - | (6.67) | (0.03) | (10.72) | (193.85) | (3.84) | (8.11) | (0.01) | (0.39) | (11.55) | (182.30) | (167.45) |
| Plant and Machinery | 489.37 | - | - | 162.83 | 2.89 | - | 649.31 | 68.24 | 55.98 | 1.34 | - | 122.88 | 526.43 | 421.13 |
| | (364.76) | (47.85) | (24.73) | (71.26) | (0.22) | (19.01) | (489.37) | (19.03) | (51.79) | (0.01) | (2.57) | (68.24) | (421.13) | (345.73) |
| Furniture and fixtures | 5.28 | - | - | 1.49 | - | - | 6.77 | 0.88 | 0.71 | - | - | 1.59 | 5.18 | 4.40 |
| | (3.88) | (0.30) | (1.21) | (0.26) | (0.09) | (0.28) | (5.28) | (0.24) | (0.71) | (0.01) | (0.06) | (0.88) | (4.40) | (3.64) |
| Vehicles | 0.77 | - | - | 0.24 | - | - | 1.01 | 0.31 | 0.17 | - | - | 0.48 | 0.53 | 0.46 |
| | (0.78) | - | - | - | - | (0.01) | (0.77) | (0.11) | (0.20) | - | - | (0.31) | (0.46) | (0.67) |
| Office equipments | 27.70 | - | - | 5.81 | 0.14 | - | 33.37 | 8.36 | 7.59 | 0.08 | - | 15.87 | 17.50 | 19.34 |
| | (14.87) | (1.80) | (1.68) | (9.38) | - | (0.03) | (27.70) | (2.20) | (6.17) | - | (0.01) | (8.36) | (19.34) | (12.67) |
| **Total** | **788.45** | **-** | **-** | **224.26** | **3.03** | **-** | **1,009.68** | **92.81** | **76.15** | **1.42** | **-** | **167.54** | **842.14** | **713.99** |
| **Previous year** | **(623.79)** | **(76.59)** | **(27.62)** | **(109.36)** | **(0.34)** | **(30.05)** | **(806.97)** | **(26.15)** | **(69.89)** | **(0.03)** | **(3.03)** | **(92.98)** | **(713.99)** | **(597.64)** |

* Effective 01 April 2019, the Company applied Ind AS 116 – Leases to applicable lease contracts existing as on 01 April, 2019. The Company has used the modified retrospective method prescribed under Ind AS 116 and accordingly, the comparative numbers have not been retrospectively adjusted. Refer Note 50 for the transition policies adopted by the Company.

Notes:-

(i) Refer note 19 for properties pledged as security towards borrowings

(ii) Figures in brackets relates to previous year.

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## NOTE NO. 3 (ii) CAPITAL WORK IN PROGRESS

₹ in Crores

| Particulars | As at 31-Mar-2020 | As at 31-Mar-2019 |
|---|---|---|
| **Opening balance** | 39.20 | 70.31 |
| Add: Pursuant to the Scheme (Refer note 37 (a)) | - | 4.95 |
| Add: Pursuant to business acquisition (Refer note 37 (b)) | - | 7.47 |
| Less: Capitalised during the period (net) | 1.01 | (43.53) |
| **Closing balance** | **40.21** | **39.20** |

## NOTE NO. 4 RIGHT OF USE ASSETS*

₹ in Crores

| Particulars | Gross block | | | Accumulated depreciation | | | Net block |
|---|---|---|---|---|---|---|---|
| | As at 1-Apr-2019 on adoption of Ind AS 116 (refer note 50) | Additions | As at 31-Mar-2020 | As at 1-Apr-2019 on adoption of Ind AS 116 (refer note 50) | Depreciation expense for the year | As at 31-Mar-2020 | As at 31-Mar-2020 |
| Land | 31.84 | 27.90 | 59.74 | 0.29 | 1.05 | 1.34 | 58.40 |
| Building | 10.29 | - | 10.29 | 4.42 | 1.97 | 6.39 | 3.90 |
| **Total** | **42.13** | **27.90** | **70.03** | **4.71** | **3.02** | **7.73** | **62.30** |

* Effective 01 April 2019, the Company applied Ind AS 116 – Leases to applicable lease contracts existing as on 1 April, 2019. The Company has used the modified retrospective method prescribed under Ind AS 116 and accordingly, the comparative numbers have not been retrospectively adjusted.

## NOTE NO. 5 INVESTMENT PROPERTY

₹ in Crores

| Particulars | Gross block | | | | Accumulated depreciation | | | Net block | |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1-Apr-2019 | Additions pursuant to the Scheme (Refer note 37 (a)) | Additions | As at 31-Mar-2020 | As at 1-Apr-2019 | Depreciation expense for the year | As at 31-Mar-2020 | As at 31-Mar-2020 | As at 31-Mar-2020 |
| Building | 13.43 | - | - | 13.43 | 0.47 | 0.49 | 0.96 | 12.47 | 12.96 |
| | (5.83) | (7.60) | - | (13.43) | (0.09) | (0.38) | (0.47) | (12.96) | (5.74) |
| **Total** | **13.43** | **-** | **-** | **13.43** | **0.47** | **0.49** | **0.96** | **12.47** | **12.96** |
| **Previous year** | **(5.83)** | **(7.60)** | **-** | **(13.43)** | **(0.09)** | **(0.38)** | **(0.47)** | **(12.96)** | **(5.74)** |

**(i) Details of Assets given under operating lease:**

₹ in Crores

| Particulars | Gross Block 31-Mar-20 | Gross Block 31-Mar-19 | Net Block 31-Mar-20 | Net Block 31-Mar-19 |
|---|---|---|---|---|
| Building | 13.43 | 13.43 | 12.47 | 12.96 |

**(ii) Fair value of Investment properties:**

The fair value of the Company's investment properties as at March 31, 2020 has been arrived at ₹ 75.38 Crores on the basis of a valuation carried out by independent valuers not related to the Company. The said valuers have appropriate professional qualifications and relevant experience in the valuation of properties in the relevant locations. The inputs used are as follows:

a) Valuation is done using discounted cash flow approach, where the value of an asset is measured in terms of future cash flow streams, discounted to the present time at 12.50%.

b) Lease rent agreements are cancellable which are expected to be renewed either with the existing lessee or with others, on similar terms and conditions.

**(iii) Refer note 19 for properties pledged as security towards borrowings.**

**(iv) Figures in brackets relates to previous year.**

## NOTE NO. 6 GOODWILL

₹ in Crores

| Particulars | As at 1-Apr-2019 | Additions pursuant to the Scheme (Refer note 37 (a)) | As at 31-Mar-2020 |
|---|---|---|---|
| Goodwill | 364.90 | - | 364.90 |
| | (358.38) | (6.52) | (364.90) |
| **Total** | **364.90** | **-** | 364.90 |
| **Previous year** | **(358.38)** | **(6.52)** | **(364.90)** |

The above goodwill is allocated to the following cash generating units:

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| **Human API business** | 357.95 | 357.95 |
| R&D business | 0.43 | 0.43 |
| Strides Chemicals Private Limited | 6.52 | 6.52 |
| **Total** | **364.90** | **364.90** |

**Impairment assessment of goodwill allocated to the "Human API business" as at March 31, 2020:**

The Management of the Company have performed annual impairment assessment of the goodwill by determining the "value in use" of this Cash Generating Unit (CGU) as an aggregate of present value of cash flow projections covering a five year period and the terminal value. Determination of value in use involves significant estimates and assumptions that affect the reporting CGU's expected future cash flows. These estimates and

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assumptions, primarily include, but are not limited to, the revenue growth and profitability during the forecast period, the discount rate and the terminal growth rate.

Considering the historical performance of this business since acquisition and based on the forward looking estimates, including the changes in estimated future economic conditions arising from the possible effects due to COVID-19 outbreak, revisions were made to the cash flow projections and other key assumptions such as discount rate and the terminal growth rate. The cash flows are discounted using a post tax discount rate of 12.5% (previous year: 12%). The terminal value of cash generating unit is arrived at by extrapolating cash flows of latest forecasted year to perpetuity using a constant long-term growth rate of 5% (previous year: 4%) p.a. which is consistent with the industry forecasts for the generic API market.

The above assessment did not result in impairment in the carrying amount of goodwill.

The table below shows the percentage movement in key assumptions that (individually) would be required to reach the point at which the value in use approximates its carrying value.

| | **Movement** |
|---|---|
| Terminal growth rate | 5% decrease |
| | (3.25% decrease) |
| Post tax discount rate | 3.3% increase |
| | (2% increase) |
| Expected net revenue growth rates | 12% decrease for short term and 2% decrease for long term |
| | (11% decrease for short term) |

The details given in brackets relate to previous year

## NOTE NO. 7 OTHER INTANGIBLE ASSETS

₹ in Crores

| Particulars | Gross block | | | | | | Accumulated amortisation | | | | Net block | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1-Apr-2019 | Additions pursuant to the Scheme (Refer note 37 (a)) | Additions pursuant to business acquisition (Refer note 37 (b)) | Additions | Derecognised on disposal of business (Refer note 38) | As at 31-Mar-2020 | As at 1-Apr-2019 | Amortisation expense for the year | Eliminated on disposal of business (Refer note 38) | As at 31-Mar-2019 | As at 31-Mar-2020 | As at 31-Mar-2019 |
| Registration and brands | 4.33 | - | - | - | - | 4.33 | 0.27 | 0.46 | - | 0.73 | 3.60 | 4.06 |
| | - | (2.13) | - | (2.20) | - | (4.33) | - | (0.27) | - | (0.27) | (4.06) | - |
| Product portfolio (Refer note (ii) below) | 105.50 | - | - | - | - | 105.50 | 15.92 | 10.64 | - | 26.56 | 78.94 | 89.58 |
| | (105.50) | - | - | - | - | (105.50) | *(5.28)* | *(10.64)* | - | (15.92) | (89.58) | (100.22) |
| Software licenses | 16.19 | - | - | 3.40 | - | 19.59 | 6.94 | 2.91 | - | 9.85 | 9.74 | 9.25 |
| | (5.59) | (0.89) | (0.63) | (10.00) | (0.92) | (16.19) | (5.04) | (2.21) | (0.31) | (6.94) | (9.25) | (0.55) |
| **Total** | **126.02** | **-** | **-** | **3.40** | **-** | **129.42** | **23.13** | **14.01** | **-** | **37.14** | **92.28** | **102.89** |
| **Previous year** | **(111.09)** | **(3.02)** | **(0.63)** | **(12.20)** | **(0.92)** | **(126.02)** | **(10.32)** | **(13.12)** | **(0.31)** | **(23.13)** | **(102.89)** | **(100.77)** |

Notes:-
(i) Figures in brackets relates to previous year.
(ii) The remaining amortisation period of product portfolio as at March 31, 2020 is 7.5 years

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## NOTE NO. 8 INVESTMENTS

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| **(A) Investments in subsidiaries (carried at cost less provision for impairment):** | | |
| **Equity shares, unquoted** | | |
| Shasun USA Inc., USA | | |
| - 15,000 (As at March 31, 2019 - 15,000) shares of USD 1 each fully paid up | 0.05 | 0.05 |
| Sequent Penems Private Limited, India | | |
| - 4,038,436 (As at March 31, 2019 - 4,038,436) shares of ₹ 10 each fully paid up | 14.30 | 14.30 |
| Chemsynth Laboratories Private Limited, India | | |
| - 3,362,745 (As at March 31, 2019 - 3,362,745) shares of ₹ 10 each fully paid up | 3.36 | 3.36 |
| **Total [A]** | **17.71** | **17.71** |
| **(B) Investments carried at amortised cost:** | | |
| **Equity shares, unquoted** | | |
| Tulsyan Nec Limited, India | | |
| - 3,750 (As at March 31, 2019 - 3,750) shares of ₹ 10 each fully paid up | 0.01 | 0.01 |
| Watsun Infrabuild Private Limited, India | | |
| -2,68,694 (As at March 31, 2019 - 3,60,361) equity shares of ₹ 10/- each, fully paid up | 0.27 | 0.36 |
| SIPCOT Industrial Common Utilities Limited, India | | |
| - 4,242 (As at March 31, 2019 - 4,242) shares of ₹ 100/- each, fully paid up | 0.04 | 0.04 |
| **Total [B]** | **0.32** | **0.41** |
| **Total [A+B]** | **18.03** | **18.12** |
| Aggregate amount of unquoted investments | 18.03 | 18.12 |
| Aggregate amount investments carried at cost | 17.71 | 17.71 |
| Aggregate amount financial assets carried at amortised cost | 0.32 | 0.41 |



## NOTE NO. 9 LOANS

### (i) Non-current loans

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| **Loans receivable considered good - unsecured:** | | |
| Receivable from employees | 0.02 | 0.02 |
| Receivable from related parties | 1.48 | 2.35 |
| **Total** | **1.50** | **2.37** |

### (ii) Current loans

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| **Loans receivable considered good - unsecured:** | | |
| Receivable from employees | 2.34 | 2.34 |
| Receivable from related parties | 50.00 | - |
| **Total** | **52.34** | **2.34** |

## NOTE NO. 10 OTHER FINANCIAL ASSETS

### (i) Non-current financial assets

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| **Unsecured, considered good:** | | |
| Security deposits | 12.81 | 11.04 |
| **Total** | **12.81** | **11.04** |

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### (ii) Current financial assets

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| **Unsecured, considered good:** | | |
| Interest accrued on deposit | 0.23 | 0.49 |
| Interest accrued on others | 1.27 | 0.23 |
| Incentives receivables | 6.87 | 15.59 |
| Insurance claim receivables | 7.27 | 0.44 |
| **Total** | **15.64** | **16.75** |

## NOTE NO. 11 INCOME TAX ASSETS (net)

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| Advance income tax (net of provisions) | 6.15 | 4.13 |
| **Total** | **6.15** | **4.13** |

## NOTE NO. 12 OTHER ASSETS

### (i) Other non-current assets

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| **Unsecured, considered good:** | | |
| Capital advances | 13.04 | 12.87 |
| Advances to other parties | 7.55 | 7.55 |
| Prepaid expenses | 0.80 | 14.64 |
| Balances with government authorities | | |
| - VAT/CST refund receivable | 2.08 | 2.42 |
| - Taxes paid under protest | - | 0.04 |
| **Unsecured, considered doubtful:** | | |
| Capital advances | 0.41 | 0.39 |
| Less: Allowances for doubtful advances | (0.41) | (0.39) |
| | - | - |
| **Total** | **23.47** | **37.52** |



### (ii) Other current assets

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| **Unsecured, considered good:** | | |
| Advances to suppliers of materials | 16.25 | 16.90 |
| Advances to employees | 0.48 | 0.35 |
| Prepaid expenses | 7.32 | 6.13 |
| Balances with government authorities: | | |
| - GST credit & other receivable | 17.34 | 26.48 |
| - VAT/CST refund receivable | - | 0.16 |
| **Unsecured, considered doubtful:** | | |
| Advances to suppliers of materials | 0.29 | 0.04 |
| Less: Allowances for doubtful advances | (0.29) | (0.04) |
| | - | - |
| **Total** | **41.39** | **50.02** |

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## NOTE NO. 13 INVENTORIES

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| Raw materials | 92.56 | 78.91 |
| - Goods-in-transit | 4.97 | 7.79 |
| Work-in-progress | 146.29 | 99.80 |
| Finished goods | 30.63 | 22.96 |
| Stores and spares | 5.28 | 4.48 |
| **Total*** | **279.73** | **213.94** |

* Value by which inventories have been written down to net realisable value amounted to ₹ 28.32 Crores (previous year: ₹ 22.50 Crores)

## NOTE NO. 14 TRADE RECEIVABLES

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| Trade receivables considered good - unsecured | 229.67 | 290.24 |
| Trade receivables - credit impaired | 2.18 | 1.48 |
| | 231.85 | 291.72 |
| Less: Allowances for doubtful receivables | (2.18) | (1.48) |
| **Total** | **229.67** | **290.24** |

The Company uses a provision matrix to determine impairment loss on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analysed.



**Movement in Expected credit loss allowance:**

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| **Opening balance** | 1.48 | 2.35 |
| Add: Movement in expected credit loss allowance on trade receivables calculated at lifetime expected | 0.70 | (0.87) |
| **Closing balance** | **2.18** | **1.48** |

## NOTE NO. 15 CASH AND CASH EQUIVALENTS

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| Cash on hand | 0.10 | 0.13 |
| Balance with banks: | | |
| - In current account | 0.90 | 3.38 |
| - In deposit account | 54.84 | 72.11 |
| **Total** | **55.84** | **75.62** |

## NOTE NO. 16 OTHER BALANCES WITH BANKS

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| Unpaid dividend accounts | 0.04 | - |
| Balance held as margin money | | |
| - against working capital facilities with banks | 0.70 | 0.75 |
| **Total** | **0.74** | **0.75** |

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## 17 EQUITY SHARE CAPITAL

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| **Authorised** | | |
| 120,000,000 Equity shares of ₹ 10/- each with voting rights * | 120.00 | 40.00 |
| (March 31, 2019: 40,000,000 equity shares of ₹ 10/-) | | |
| | **120.00** | **40.00** |
| **Issued, subscribed and fully paid-up** | | |
| 26,855,267 Equity shares of ₹10/- each with voting rights | 26.85 | 25.77 |
| (March 31, 2019: 25,774,267 equity shares of ₹ 10/-) | | |
| **Total** | **26.85** | **25.77** |

* The authorised share capital of the Company has increased during the current year pursuant to the amalgamation of Strides Chemicals Private Limited with the Company.

### (i) Reconciliation of number of shares and amount outstanding

| | As at 31-Mar-20 | | As at 31-Mar-19 | |
|---|---|---|---|---|
| **Particulars** | **No. of shares** | **₹ In Crores** | **No. of shares** | **₹ In Crores** |
| **Equity share capital** | | | | |
| Equity share of ₹ 10/- each | | | | |
| **Opening balance** | 25,774,267 | 25.77 | 24,674,267 | 24.67 |
| Issue of shares during the year (Refer note 17 (v) & ESOP Note 46) | 1,081,000 | 1.08 | 1,100,000 | 1.10 |
| **Closing balance** | **26,855,267** | **26.85** | **25,774,267** | **25.77** |



### (ii) Detail of the rights, preferences and restrictions attaching to each class of shares outstanding equity shares of ₹ 10/- each:

The Company has only one class of equity shares, having a par value of ₹10/-. The holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution to all preferential amounts. The distribution will be in proportion to number of equity shares held by the shareholders.

### (iii) Details of equity shares held by each shareholder holding more than 5% of shares:

| | As at 31-Mar-20 | | As at 31-Mar-19 | |
|---|---|---|---|---|
| **Particulars** | **No. of Shares** | **%** | **No. of Shares** | **%** |
| Pronomz Ventures LLP | 3,190,831 | 11.88% | 3,190,831 | 12.38% |
| Arun Kumar Pillai | 1,668,463 | 6.21% | 1,668,463 | 6.47% |
| TPG Growth IV SF PTE LTD | 1,466,816 | 5.46% | - | 0.00% |
| Karuna Business Solutions LLP | 1,412,121 | 5.26% | 612,121 | 2.37% |

### (iv) Details of shares reserved for issue under options and contracts/commitments for the sale of shares:

| | As at 31-Mar-20 | | As at 31-Mar-19 | |
|---|---|---|---|---|
| **Particulars** | **No. of Shares** | **₹ in Crores** | **No. of Shares** | **₹ in Crores** |
| For convertible warrants: 8,600,000 equity shares of ₹ 10/- each | 8,600,000 | 8.60 | 9,400,000 | 9.40 |
| Under employee stock option scheme, 2018: 12,28,778 equity shares of ₹ 10/- each | 947,778 | 0.95 | 1,228,778 | 1.23 |

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**(v)** During the previous year ended March 31, 2019, pursuant to shareholders' approval at the extraordinary general meeting held on February 27, 2019, the Company issued 6,500,000 convertible warrants of ₹ 10/- each at a premium of ₹ 390/- per warrant to promoters group and 4,000,000 convertible warrants of ₹ 10/- each at a premium of ₹ 490/- per warrant to M/s. TPG Growth IV SF Pte. Ltd ("Investor") after obtaining the approval of BSE and NSE of India. The terms of conversion required that each of the warrants to be converted into one equity share of ₹ 10/- within eighteen months from the date of allotment of warrants. The Company received preliminary consideration of ₹ 65 Crores and ₹ 50 Crores from the promoter group and the investor respectively towards allotment of 10,500,000 convertible warrants during the previous year.

Subsequently, the promoter group comprising of Mr. Arun Kumar Pillai and M/s Karuna Business Solutions LLP exercised their option to convert 1,100,000 warrants into equivalent equity shares which was approved by the board of directors at their meeting held on March 26, 2019. On receipt of balance consideration of ₹ 33 Crores, 1,100,000 equity shares were allotted on March 26, 2019.

During the current year, M/s Karuna Business Solutions LLP of the promoter group exercised its option to convert 800,000 warrants into equivalent equity shares which was approved by the board of directors at their meeting held on March 26, 2020. On receipt of balance consideration of ₹ 24 Crores, the equivalent equity shares were allotted on March 26, 2020.

## NOTE NO. 18 OTHER EQUITY

₹ in Crores

| Particulars | Notes | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|---|
| Capital reserve | 18 (i) | 0.01 | 0.01 |
| Securities premium account | 18 (ii) | 820.55 | 780.61 |
| Retained earnings | 18 (iii) | 142.65 | 49.67 |
| Share options outstanding account | 18 (iv) | 4.73 | 2.39 |
| Share application money pending allotment (Refer note 17 v) | 18 (v) | 96.00 | 104.00 |
| **Total** | | **1,063.94** | **936.68** |

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| **(A) Reserves and surplus** | | |
| **(i) Capital reserve** | | |
| Any profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments is transferred to capital reserve. | | |
| Opening balance | 0.01 | 0.01 |
| **Closing balance** | **0.01** | **0.01** |
| | | |
| **(ii) Securities premium account** | | |
| Amounts received on issue of shares in excess of the par value has been classified as securities premium. | | |
| Opening balance | 780.61 | 743.48 |
| Add: Premium on shares issued during the year pursuant to exercise of warrants (Refer note 17 v) | 31.20 | 42.90 |
| Add: Premium on shares issued during the year pursuant to exercise of options (Refer note 46) | 8.74 | - |
| Less: Shares issue expenses | - | (5.77) |
| **Closing balance** | **820.55** | **780.61** |

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₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| **(iii) Retained earnings** | | |
| Retained earnings comprises of the amounts that can be distributed by the Company as dividends to its equity share holders. | | |
| Opening balance | 49.67 | 1.70 |
| **Add: Profit / (loss) for the period** | 112.49 | 58.67 |
| Less: Dividend (including tax on dividend) | (15.66) | - |
| Add: Remeasurement of the defined benefit liabilities (net of tax) | (3.29) | (1.31) |
| Less: Adjustment on account of transition to Ind AS 115 | - | (9.39) |
| Less: Adjustment on account of transition to Ind AS 116 (Refer note 50) | (0.56) | - |
| **Closing balance** | **142.65** | **49.67** |
| | | |
| **(iv) Share options outstanding account** | | |
| The share option outstanding account is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account will be transferred to securities premium reserve upon exercise of stock options by employees. | | |
| **Opening balance** | 2.39 | - |
| Add: Amounts recorded on share based compensation to eligible employees during the year | 5.60 | 2.39 |
| Less: Transferred to securities premium account on account of exercise of options | (3.26) | - |
| **Closing balance** | **4.73** | **2.39** |
| | | |
| **(v) Share application money pending allotment** | | |
| Share application money pending allotment account represents the share allotment monies received by the company but pending allotment as on the reporting date. | | |
| Opening balance | 104.00 | - |
| Add: Share application money received on account of issue of warrants (Refer note 17 v) | 24.00 | 148.00 |
| Less: Issue of shares pursuant to exercise of warrants (Refer note 46) | (32.00) | (44.00) |
| **Closing balance** | **96.00** | **104.00** |
| **Total Reserves and surplus** | **1,063.94** | **936.68** |



## NOTE NO. 19 BORROWINGS

### (i) Non-current borrowings

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| Secured | | |
| Term loans from banks (Refer note (i) to (iv) below) | 232.71 | 191.85 |
| Term loans from others (Refer note (v) below) | - | 29.31 |
| Finance lease obligation (Refer note (vi) below) | - | 3.81 |
| **Total** | **232.71** | **224.97** |

### Details of security and terms of repayment of non-current borrowings

₹ in Crores

| Terms of repayment and security | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| (i) Term loan from banks: Loan 1 | | |
| Long-term borrowings | 94.94 | 19.29 |
| Current maturities of non-current borrowings | 17.00 | - |
| Security: First Paripassu Charge on the Movable and Immovable Fixed Assets of the Company and Second Charge on Current Assets of the Company.<br>Rate of interest: - 1 Year MCLR plus 1.30% p.a - 2.50% p.a<br>Repayment terms: ₹ 2.83 Cr per month starting from Oct 20 | | |

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₹ in Crores

| Terms of repayment and security | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| (ii) Term loan from banks: Loan 2 | | |
| Long-term borrowings | 48.81 | 85.33 |
| Current maturities of non-current borrowings | 37.50 | 37.50 |
| Security: First paripassu charge on all moveable & immoveable fixed assets and second paripassu charge on all current assets<br>Rate of interest: - 9.70% p.a<br>Repayment terms: ₹ 3.13 Cr per month | | |
| (iii) Term loan from banks: Loan 3 | | |
| Long-term borrowings | 29.65 | - |
| Current maturities of non-current borrowings | 10.00 | - |
| Security: First paripassu charge on all moveable & immoveable fixed assets and second paripassu charge on all current assets<br>Rate of interest: - 3 Month MCLR p.a<br>Repayment terms: ₹ 1.67 Cr per month starting from Oct 20 | | |
| (iv) Term loan from banks: Loan 4 | | |
| Long-term borrowings | 59.31 | 87.23 |
| Current maturities of non-current borrowings | 28.33 | 28.33 |
| Security: First paripassu charge by way of mortgage on immoveable fixed assets of the Company both present & future. First paripassu charge by way of hypothecation over moveable fixed assets of the Company both present & future. Second paripassu charge by way of hypothecation over entire current assets of the Company both present & future.<br>Rate of interest: IDFC Bank MCLR plus Spread<br>Repayment terms: ₹ 2.36 Cr per month | | |
| (v) Term loans from others: Loan 5 | | |
| Long-term borrowings | - | 29.31 |
| Current maturities of non-current borrowings | 27.46 | 32.50 |
| Security: First paripassu charge on all fixed assets of the Company present & future including intangible assets, second paripassu on all current assets of the Company both present & future.<br>Rate of interest: 10.25% p.a<br>Repayment terms: ₹ 3.06 Cr per month | | |
| (vi) Finance lease obligation : Loan 6 | | |
| Long-term borrowings | - | 3.81 |
| Current maturities of finance lease obligations | - | 0.29 |
| Rate of interest: 10.90% p.a<br>Repayment terms: Payable in 396 monthly instalments commencing from December 2018. (Effective 01 April 2019, the Company applied Ind AS 116 – Leases to applicable lease contracts existing as on 01 April, 2019. The Company has used the modified retrospective method prescribed under Ind AS 116 and accordingly, the comparative numbers have not been retrospectively adjusted. Refer Note 50 for the transition policies adopted by the Company) | | |

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| Disclosed under non-current borrowings | 232.71 | 224.97 |
| Disclosed under other current financial liabilities | | |
| - Current maturities of non-current borrowings | 120.29 | 98.33 |
| - Current maturities of finance lease obligations | - | 0.29 |

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### (ii) Non-current lease liability

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| Non- current lease liability | 12.76 | - |
| **Total** | **12.76** | **-** |

### (iii) Current lease liability

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| Current lease liability | 2.41 | - |
| **Total** | **2.41** | **-** |

### (iv) Current borrowings

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| **Secured loans repayable on demand from banks:** | | |
| Working capital loans | 353.79 | 214.46 |
| **Total** | **353.79** | **214.46** |

**Details of security and terms of repayment for current borrowings:**

a) Working capital loans from banks are secured by first pari passu charge over current assets of the Company and second pari passu charge on movable and immovable fixed assets of the Company.

b) Rate of interest for INR borrowings ranges from 9.45% to 10.70%

c) Rate of interest for USD borrowings ranges from 2.84% to 6.75%

## NOTE NO. 20 OTHER FINANCIAL LIABILITIES

### (i) Other Non-current financial liabilities

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| Security deposits | 0.42 | 0.42 |
| **Total** | **0.42** | **0.42** |

### (ii) Other Current financial liabilities

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| Current maturities of non-current borrowings (Refer note 19(i)) | 120.29 | 98.33 |
| Current maturities of finance lease obligations (Refer note 19(i)) | - | 0.29 |
| Advance from related parties | 0.40 | - |
| Interest accrued but not due on borrowings | 0.75 | 0.49 |
| Unclaimed dividends | 0.04 | - |
| **Other payables:** | | |
| Payables on purchase of property, plant and equipment | 8.74 | 7.64 |
| Payable on acquisition of investments | - | 55.10 |
| **Total** | **130.22** | **161.85** |

# NOTES

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## NOTE NO. 21 PROVISIONS

### (i) Non-current provisions

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| **Provision for employee benefits:** | | |
| Compensated absences | 10.53 | 8.89 |
| **Total** | **10.53** | **8.89** |

### (ii) Current provisions

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| **Provision for employee benefits:** | | |
| Compensated absences | 1.86 | 1.56 |
| **Total** | **1.86** | **1.56** |

## NOTE NO. 22 DEFERRED TAX LIABILITIES / (ASSETS) (net)

₹ in Crores

| 2019-20 | Opening balance | Recognised in statement of profit or loss | Recognised in other comprehensive income | Adjustment in retained earning on account of transition to Ind AS 116 | Closing balance |
|---|---|---|---|---|---|
| Property, plant and equipment | 55.56 | 14.77 | - | - | 70.33 |
| Intangible assets – Other than Goodwill | 31.31 | (3.72) | - | - | 27.59 |
| Provision for employee benefits | (12.45) | (2.93) | 1.09 | - | (14.29) |
| Carry forward business loss and unabsorbed depreciation | (22.35) | 0.40 | - | - | (21.95) |
| Provision for doubtful debts and others | (4.98) | (5.92) | - | - | (10.90) |
| Others | - | (3.69) | - | (0.30) | (3.99) |
| MAT Credits entitlement | (14.26) | (19.60) | (1.09) | - | (34.95) |
| **Total** | **32.83** | **(20.69)** | **-** | **(0.30)** | **11.84** |

| 2018-19 | Opening balance | Recognised in statement of profit or loss | Recognised in other comprehensive income | Acquisitions/ disposals | Closing balance |
|---|---|---|---|---|---|
| Property, plant and equipment | 35.26 | 20.61 | - | (0.31) | 55.56 |
| Intangible assets – Other than Goodwill | 34.69 | (3.38) | - | - | 31.31 |
| Provision for employee benefits | (10.45) | (0.76) | (0.71) | (0.53) | (12.45) |
| Carry forward business loss and unabsorbed depreciation | (9.83) | (12.52) | - | - | (22.35) |
| Provision for doubtful debts and others | (0.81) | (4.17) | - | - | (4.98) |
| MAT Credits entitlement | (0.42) | (13.84) | - | - | (14.26) |
| **Total** | **48.44** | **(14.06)** | **(0.71)** | **(0.84)** | **32.83** |

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## NOTE NO. 23 OTHER LIABILITIES

### (i) Other non-current liabilities

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| **Contract liability:** | | |
| Advance from customers | 39.81 | 51.86 |
| Income received in advance (unearned revenue) | 2.93 | 5.13 |
| **Provision for employee benefits:** | | |
| Gratuity (Refer note 40) | 22.09 | 19.90 |
| **Total** | **64.83** | **76.89** |

### (ii) OTHER CURRENT LIABILITIES

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| **Contract liability:** | | |
| Advance from customers | 16.21 | 15.93 |
| Income received in advance (unearned revenue) | 2.20 | 2.76 |
| **Other payables:** | | |
| - Advance rentals | 1.23 | 1.13 |
| - Advance from related party | - | 5.31 |
| Statutory remittances | 4.09 | 4.01 |
| **Total** | **23.73** | **29.14** |



During the year ended March 31, 2020, the company recognized revenue of ₹ 15.93 Crores arising (previous year: ₹ 16.04 Crores) from opening contract liability as of April 01, 2019.

## NOTE NO. 24 TRADE PAYABLES

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| **Trade payables:** | | |
| Total outstanding dues of micro enterprises and small enterprises | 3.91 | 1.62 |
| Total outstanding dues of creditors other than micro and small enterprises | 211.81 | 240.90 |
| **Total** | **215.72** | **242.52** |

**Disclosure required under section 22 of the Micro, Small and Medium Enterprises Development Act,2006**

₹ in Crores

| Particulars | | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|---|
| (i) | Principal amount remaining unpaid to any suppliers as at the end of the accounting year | 3.91 | 1.62 |
| (ii) | Interest due thereon remaining unpaid to any suppliers as at the end of the accounting year | - | - |
| (iii) | The amount of interest paid along with the amounts of the payment made to the suppliers beyond the appointed day | - | - |
| (iv) | The amount of interest due and payable for the year | - | - |
| (v) | The amount of the interest accrued and remaining unpaid at the end of the accounting year | - | - |
| (vi) | The amount of the future interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | - | - |

Dues to micro and small enterprises have been admitted to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

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## NOTE NO. 25 CURRENT INCOME TAX LIABILITIES(net)

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| Provision for tax (net of advance tax) | - | 0.80 |
| **Total** | **-** | **0.80** |

## NOTE NO. 26 REVENUE FROM OPERATIONS

₹ in Crores

| Particulars | For the year ended 31-Mar-20 | For the year ended 31-Mar-19 |
|---|---|---|
| Sale of products | 1,250.83 | 1,291.76 |
| Sale of services | 16.81 | 30.33 |
| Other operating revenues | 54.11 | 64.59 |
| **Total** | **1,321.75** | **1,386.68** |

Refer Note 45 for disaggregated revenues from contracts with customers by geography.

Performance obligations and remaining performance obligations:
The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts that have original expected duration of one year or less.



## NOTE NO. 27 OTHER INCOME

₹ in Crores

| Particulars | For the year ended 31-Mar-20 | For the year ended 31-Mar-19 |
|---|---|---|
| Interest income (Refer note (i) below) | 7.84 | 1.86 |
| Other non-operating income | | |
| - Liabilities / provisions no longer required written back | 1.83 | 2.45 |
| - Profit on sale of property, plant and equipment (net) | - | 0.44 |
| - Insurance claims | 7.28 | - |
| - Rental income from investment properties | 5.61 | 3.76 |
| - Others | 4.95 | 3.52 |
| **Total** | **27.51** | **12.03** |

Note:
(i) Interest income comprises:

₹ in Crores

| Particulars | For the year ended 31-Mar-20 | For the year ended 31-Mar-19 |
|---|---|---|
| Interest from banks on deposits | 6.51 | 1.15 |
| Interest on loans and advances | 0.23 | 0.71 |
| Interest from others | 1.10 | - |
| **Total** | **7.84** | **1.86** |

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## NOTE NO. 28 COST OF MATERIALS CONSUMED

₹ in Crores

| Particulars | For the year ended 31-Mar-20 | For the year ended 31-Mar-19 |
|---|---|---|
| Opening stock | 86.70 | 85.35 |
| Add: Purchases | 634.19 | 729.57 |
| Less: Opening stock of business disposed during the year (Refer note 38) | - | (5.83) |
| Add: Opening stock of business acquired during the year (Refer note 37 (a)) | - | 7.15 |
| Less: Closing stock | (97.53) | (86.70) |
| **Cost of materials consumed** | **623.36** | **729.54** |

## NOTE NO. 29 PURCHASE OF TRADED GOODS

₹ in Crores

| Particulars | For the year ended 31-Mar-20 | For the year ended 31-Mar-19 |
|---|---|---|
| Traded goods | 29.67 | 9.08 |
| **Total** | **29.67** | **9.08** |

## NOTE NO.30 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

₹ in Crores



| Particulars | For the year ended 31-Mar-20 | For the year ended 31-Mar-19 |
|---|---|---|
| **Inventories at the end of the year** | | |
| - Finished goods | 30.63 | 22.96 |
| - Work-in-progress | 146.29 | 99.80 |
| | **176.92** | **122.76** |
| **Inventories at the beginning of the year** | | |
| - Finished goods | 22.96 | 29.36 |
| - Work-in-progress | 99.80 | 69.57 |
| | **122.76** | **98.93** |
| **Add: Opening stock of business acquired during the year (Refer note 37 (a))** | | |
| - Finished goods | - | 0.39 |
| - Work-in-progress | - | 1.66 |
| | **-** | **2.05** |
| **Less: Opening stock pertaining to business disposed during the year (Refer note 38)** | | |
| - Finished goods | - | (1.31) |
| - Work-in-progress | - | (10.70) |
| | **-** | **(12.01)** |
| **Net (increase) / decrease** | **(54.16)** | **(33.79)** |

## NOTE NO. 31 EMPLOYEE BENEFITS EXPENSES

₹ in Crores

| Particulars | For the year ended 31-Mar-20 | For the year ended 31-Mar-19 |
|---|---|---|
| Salaries and wages | 165.05 | 152.81 |
| Contribution to provident and other funds (Refer note 40) | 15.16 | 14.29 |
| Expense on employee share based payments (Refer note 46) | 5.60 | 2.39 |
| Staff welfare expenses | 16.43 | 14.49 |
| **Total** | **202.24** | **183.98** |

# NOTES

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## NOTE NO. 32 FINANCE COSTS

₹ in Crores

| Particulars | For the year ended 31-Mar-20 | For the year ended 31-Mar-19 |
|---|---|---|
| Interest expense on: | | |
| - Borrowings | 72.87 | 73.20 |
| - Delayed payment of income tax | 0.24 | 0.07 |
| - Others | 4.19 | 0.64 |
| Exchange differences regarded as an adjustment to borrowing costs | 7.58 | 6.74 |
| Other borrowing cost | 2.65 | 2.58 |
| Less : Capitalised during the year | (9.65) | (0.81) |
| **Total** | **77.88** | **82.42** |

## NOTE NO. 33 DEPRECIATION AND AMORTISATION EXPENSES

₹ in Crores

| Particulars | For the year ended 31-Mar-20 | For the year ended 31-Mar-19 |
|---|---|---|
| Depreciation on Property, plant and equipment (Refer note 3(i)) | 76.15 | 69.89 |
| Depreciation on Investment property (Refer note 5) | 0.49 | 0.38 |
| Amortisation on Intangible assets (Refer note 7) | 14.01 | 13.12 |
| Depreciation on Right of use assets (Refer note 4) | 3.02 | - |
| **Total** | **93.67** | **83.39** |
| - from continuing operations | 93.67 | 82.79 |
| - from discontinued operations | - | 0.60 |



## NOTE NO. 34 OTHER EXPENSES

₹ in Crores

| Particulars | For the year ended 31-Mar-20 | For the year ended 31-Mar-19 |
|---|---|---|
| Subcontracting | 17.11 | 16.07 |
| Power and fuel | 76.22 | 77.56 |
| Water | 1.46 | 1.79 |
| Rent including lease rentals (Refer note 41) | 2.67 | 5.04 |
| Repairs and maintenance: | | |
| - Buildings | 4.25 | 3.56 |
| - Machinery | 19.47 | 15.19 |
| - Others | 23.92 | 30.87 |
| Insurance | 7.70 | 4.39 |
| Rates and taxes | 3.93 | 1.98 |
| Communication | 2.14 | 2.34 |
| Travelling and conveyance | 6.82 | 6.32 |
| Printing and stationery | 2.75 | 2.44 |
| Freight and forwarding | 19.19 | 25.02 |
| Sales commission | 5.65 | 4.03 |
| Business promotion | 1.56 | 2.28 |
| Donations and contributions | 1.17 | 1.13 |
| Expenditure on Corporate Social Responsibility | 1.27 | 1.43 |
| Analytical charges | 5.24 | 10.27 |
| Regulatory expenses | 3.17 | 2.35 |
| Legal and professional fees | 21.10 | 10.04 |
| Payments to statutory auditors (Refer note (i) below) | 0.68 | 0.82 |

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₹ in Crores

| Particulars | For the year ended 31-Mar-20 | For the year ended 31-Mar-19 |
|---|---|---|
| Bad debts written off / Allowance for doubtful trade and other receivables | 0.70 | 0.52 |
| Loss on sale of property, plant and equipment (net) | 0.32 | - |
| Consumables | 24.75 | 25.89 |
| Exchange fluctuation loss (net) | 1.71 | 11.27 |
| Provision for doubtful advances, net | 0.27 | 0.36 |
| Miscellaneous expenses | 8.89 | 13.37 |
| **Total** | **264.11** | **276.33** |

### i. Payments to the Statutory Auditors comprises (net of taxes) for:

₹ in Crores

| Particulars | For the year ended 31-Mar-20 | For the year ended 31-Mar-19* |
|---|---|---|
| - Audit of standalone and consolidated financial statements including limited review | 0.58 | 0.55 |
| - Other services | 0.07 | 0.14 |
| - Tax audit | - | 0.07 |
| - Reimbursement of expenses | 0.03 | 0.06 |
| **Total** | **0.68** | **0.82** |

* Includes payment made to other auditor in respect of audit of Strides Chemicals Private Limited towards year end audit ₹ 0.05 Crores and tax audit ₹ 0.02 Crores.



## NOTE NO. 35 TAX EXPENSES

₹ in Crores

| Particulars | For the year ended 31-Mar-20 | For the year ended 31-Mar-19 |
|---|---|---|
| **Continuing operations** | | |
| **Current tax** | | |
| Current tax expense | 20.69 | 15.96 |
| **Deferred tax benefit** | | |
| Deferred tax (credit) / expenses | - | 2.01 |
| MAT credit availment | (20.69) | (15.96) |
| **Tax expenses for continuing operations** | **-** | **2.01** |
| **Discontinued operations** | | |
| **Current tax** | | |
| Current tax expense | - | (2.14) |
| **Deferred tax benefit** | | |
| Deferred tax (credit) / expenses | - | (2.24) |
| MAT credit availment | - | 2.14 |
| **Tax expenses for discontinued operations** | **-** | **(2.24)** |
| **Total tax expense** | **-** | **(0.23)** |

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The reconciliation of estimated income tax expenses at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

₹ in Crores

| Particulars | For the year ended 31-Mar-20 | For the year ended 31-Mar-19 |
|---|---|---|
| **Profit before income taxes:** | | |
| - from continuing operations | 112.49 | 68.36 |
| - from discontinued operations | - | (9.92) |
| **- from total operations** | 112.49 | 58.44 |
| Indian statutory income tax rate | 34.94% | 34.94% |
| **Expected income tax expense** | 39.31 | 20.42 |
| **Tax effect of adjustments to reconcile expected income tax expense to reported income tax expenses:** | | |
| Effect of expenses that are not deductible in determining taxable profit | 0.24 | 0.93 |
| Effect on additional tax allowance | (7.22) | (21.11) |
| Effect on unused tax losses | (30.61) | - |
| Others (net) | (1.72) | (0.47) |
| **Total income tax expense** | **-** | **(0.23)** |

Refer Note 22 for significant components of deferred tax assets and liabilities.

## NOTE NO. 36 DETAILS OF RESEARCH AND DEVELOPMENT EXPENDITURE INCURRED (CHARGED TO STATEMENT OF PROFIT AND LOSS)



₹ in Crores

| Particulars | For the year ended 31-Mar-20 | For the year ended 31-Mar-19 |
|---|---|---|
| **Outsourced:** | | |
| Development charges | - | - |
| **Inhouse:** | | |
| Salaries and wages | 25.07 | 22.54 |
| Depreciation and amortisation expenses | 11.61 | 10.09 |
| Materials | 0.93 | 1.56 |
| Others | 20.96 | 19.94 |
| **Total** | **58.57** | **54.13** |

In addition, the Company has also incurred capital expenditure in such facilities of ₹ 2.72 Crores (Previous year: ₹ 52.17 Crores) which has been capitalised under respective heads in the financial statements.

The amount quantified as research and development expenditure (both capital and revenue) is as certified by the management of the Company and relied upon by the auditors.

# NOTES

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## NOTE NO. 37 BUSINESS ACQUISITIONS:

**a) Acquisition of Strides Chemicals Private Limited:**

During the previous year, the Company acquired 100% of the equity shares in Strides Chemicals Private Limited (SCPL) for a consideration of ₹ 131 Crores on September 1, 2018 pursuant to a share purchase agreement with Strides Pharma Sciences Limited.

The Board of Directors of the Company in their meeting held on September 28, 2018, approved a Scheme of Amalgamation of SCPL with the Company. The appointed date of the Scheme is September 1, 2018, the date on which the Company acquired all shares of SCPL thereby resulting in SCPL becoming a wholly-owned subsidiary of the Company. During the current year, the National Company Law Tribunal (NCLT) vide its order dated December 20, 2019 approved the aforesaid Scheme. The Company filed the Scheme on February 1, 2020 with Registrar of Companies and has accordingly, given effect of this amalgamation during the current year. In accordance with the requirements of Appendix C of Ind AS 103 Business Combination, the standalone financial statements of the corresponding period in the previous year has been restated as if the amalgamation had occurred on the appointed date of the Scheme.

Consideration transferred:

| Particulars | ₹ in Crores |
|---|---|
| Cash | 131.00 |

Out of consideration of ₹ 131 Crores, ₹ 75.9 Crores was paid during the year ended March 31, 2019 and the balance of ₹ 55.1 Crores has been paid during the current year.



**Details of the fair value of assets and liabilities of Strides Chemicals Private Limited as at September 1, 2018 are as below:**

| Particulars | ₹ in Crores |
|---|---|
| Non-current assets (other than goodwill on this acquisition) | 110.20 |
| Current assets | 30.06 |
| **(A) Total assets** | **140.26** |
| Non-current liabilities | 0.57 |
| Current liabilities | 15.21 |
| **(B) Total liabilities** | **15.78** |
| **(C) Net assets (A) - (B)** | **124.48** |

**Calculation of Goodwill / Capital reserve arising on acquisition:**

| Particulars | ₹ in Crores |
|---|---|
| Consideration transferred | 131.00 |
| Less: Identifiable net assets acquired | (124.48) |
| **Excess of the consideration transferred by the Company over the net assets acquired has been debited to Goodwill** | 6.52 |

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**Impact of the above acquisition on the results of the Company pursuant to restatement:**

₹ in Crores

| Particulars | For the year ended 31-Mar-19 |
|---|---|
| Revenue from operations | 19.41 |
| Other income | 5.24 |
| **Total revenue (A)** | **24.65** |
| Cost of materials consumed | 10.48 |
| Purchase of Stock-in-trade | - |
| Changes in inventories of finished goods and work-in-progress | (4.51) |
| Employee benefits expenses | 4.06 |
| Finance costs | - |
| Depreciation and amortisation expenses | 4.06 |
| Other expenses | 13.90 |
| **Total expenses (B)** | 27.99 |
| **Profit / (Loss) before tax (C)** | **(3.34)** |

**b) Acquisition of R&D business from Strides Pharma Science Limited during previous financial year:**

The company entered into a Business purchase agreement to acquire a R&D business at Chennai from Strides Pharma Science Limited and the transaction was completed on April 1, 2018. Assets and liabilities of the R&D business have been recorded to reflect at their fair values as on the transaction closure date (i.e. April 1, 2018).

**Principal Activity of the R&D business acquired:**

The R&D business at Chennai is a state-of-art facility engaged in the development of complex products and is also engaged in the business of providing product development solutions to its clients.

**Consideration transferred:**

| Particulars | ₹ in Crores |
|---|---|
| Cash | 34.75 |

**Details of the fair value of assets and liabilities of the R&D facility recorded by the Company as at April 1, 2018 are as below:**

| Particulars | ₹ in Crores |
|---|---|
| Non-current assets (other than goodwill on this acquisition) | 35.73 |
| Current assets | 2.09 |
| **(A) Total assets** | **37.82** |
| Current liabilities | 3.07 |
| **(B) Total liabilities** | **3.07** |
| **C) Net assets (A) – (B)** | **34.75** |

**Calculation of Goodwill / Capital reserve arising on acquisition:**

| Particulars | ₹ in Crores |
|---|---|
| Consideration transferred | 34.75 |
| Less: Identifiable net assets acquired | (34.75) |
| **Excess of the consideration transferred by the Company over the net assets acquired has been debited to Goodwill** | **-** |

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**Impact of the above acquisition on the results of the Company:**

₹ in Crores

| Particulars | For the year ended 31-Mar-19 |
|---|---|
| Revenue from operations | 11.29 |
| Other income | 0.02 |
| **Total revenue (A)** | **11.31** |
| Cost of materials consumed | 2.29 |
| Purchase of Stock-in-trade | 0.03 |
| Changes in inventories of finished goods and work-in-progress | (0.76) |
| Employee benefits expenses | 15.97 |
| Finance costs | 0.01 |
| Depreciation and amortisation expenses | 4.74 |
| Other expenses | 15.07 |
| **Total expenses (B)** | **37.35** |
| **Profit / (Loss) before tax (C)** | **(26.04)** |

## NOTE NO. 38 DISCONTINUED OPERATIONS

**During previous financial year:**

The Board of Directors in their meeting held on May 19, 2018 approved for disposal of business operations at Mahad facility. The disposal was completed on July 31, 2018 on which date the control passed to the acquirer.

The details of assets and liabilities disposed off, and the calculation of the profit or loss on disposal, are as below:



**a) Carrying value of assets and liabilities as at July 31, 2018:**

| Particulars | ₹ in Crores |
|---|---|
| Non-current assets | 34.01 |
| Current assets | 41.94 |
| **(A) Total assets** | **75.95** |
| Non-current liabilities | 0.62 |
| Current liabilities | 28.93 |
| **(B) Total liabilities** | 29.55 |
| **(C) Net assets (A) - (B)** | **46.40** |

**b) Gain / (loss) on disposal:**

| Particulars | ₹ in Crores |
|---|---|
| Consideration received | 46.40 |
| Net assets disposed off | (46.40) |
| **Gain / (loss) on disposal** | - |

**c) Net cash inflow on disposal:**

| Particulars | ₹ in Crores |
|---|---|
| Consideration received in cash and cash equivalents | 46.40 |
| Less: Cash and cash equivalents balances disposed off | (0.15) |
| **Net cash inflow on disposal** | **46.25** |

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**d) Impact of the above disposal on the results of the Company:**

The financial performance and cash flow information of Mahad facility included in the statement of profit and loss is as below

₹ in Crores

| Particulars | For the year ended 31-Mar-19 |
|---|---|
| Revenue from operations | 21.90 |
| Other income | - |
| **Total revenue (A)** | **21.90** |
| Cost of materials consumed | 16.24 |
| Changes in inventories of finished goods and work-in-progress | 2.96 |
| Employee benefits expenses | 2.01 |
| Finance costs | 0.06 |
| Depreciation and amortisation expenses | 0.62 |
| Other expenses | 9.93 |
| **Total expenses (B)** | **31.82** |
| **Profit / (Loss) before tax (C)** | **(9.92)** |
| Current tax | (2.14) |
| Deferred tax | (0.10) |
| **Tax expenses / (credit) (D)** | **(2.24)** |
| **Profit / (Loss) after tax (C) - (D)** | **(7.68)** |

**e) Cash flows from discontinued operations:**



₹ in Crores

| Particulars | For the year ended 31-Mar-19 |
|---|---|
| Net cash inflows / (outflows) from operating activities | (11.20) |
| Net cash inflows / (outflows) from investing activities | (1.15) |
| Net cash inflows / (outflows) from financing activities | 12.50 |
| **Total** | **0.15** |

## NOTE NO. 39 COMMITMENTS AND CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)

Amount in ₹

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| **a) Contingent liabilities - Pending Litigations** | | |
| Indirect taxes | 3.22 | 4.55 |
| Other claims against the Company not acknowledged as debts | 1.64 | 1.64 |
| **b) Commitments** | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | | |
| - Property, plant and equipment | 67.71 | 89.74 |
| - Intangible Asset | 0.94 | 0.83 |

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## NOTE NO. 40 EMPLOYEE BENEFITS PLANS

**Defined contribution plan**

The Company makes contributions to provident fund and employee state insurance schemes which are defined contribution plans, for qualifying employees. Under the schemes, the company is required to contribute a specified percentage of the payroll cost to fund the benefits. The company recognised ₹10.84 Crores (Previous year ₹ 10.04 Crores) for Provident fund contributions, ₹ 0.24 Crores (Previous year ₹ 0.31 Crores) for employee state insurance scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

**Defined benefit plan**

The Company operates a gratuity plan, a defined employee benefit scheme covering qualifying employees. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

**Composition of the plan assets**

The fund is managed by LIC and SBI, the fund manager. The details of composition of plan assets managed by the fund manager is not available with the company. However, the said funds are subject to Market risk (such as interest risk, investment risk, etc.).

The said benefit plan is exposed to actuarial risks such as longevity risk and salary risk.

| | |
|---|---|
| Longevity risk | The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability. |
| Salary risk | The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. |

**The principal assumptions used for the purposes of the actuarial valuations were as follows:**

| Particulars | Valuation as at 31-Mar-20 | Valuation as at 31-Mar-19 |
|---|---|---|
| Discount rate | 6.51% | 7.25% |
| Expected rate of salary increase | 6.50% | 6.50% |
| Attrition rate | 11.00% | 11.00% |
| Mortality Rate | As per IALM (2012-14) ultimate | As per IALM (2006-08) ultimate |
| Retirement age (years) | 58 years | 58 years |

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### Amounts recognised in Statement of profit and loss and in other comprehensive income in respect of this defined benefit plan are as follows:

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| **Service cost:** | | |
| Current service cost | 3.10 | 3.00 |
| Past service cost and (gain)/loss from settlements | - | 0.34 |
| Net interest expense | 1.22 | 0.80 |
| **Components of defined benefit costs recognised in statement of profit and loss** | **4.32** | **4.14** |
| **Remeasurement on the net defined benefit liability:** | | |
| Return on plan assets [excluding amounts included in net interest expense] (excess) / Short return | 0.11 | 0.40 |
| Actuarial (gains) / losses arising from changes in demographic assumptions | - | 0.03 |
| Actuarial (gains) / losses arising from changes in financial assumptions | 1.65 | (2.80) |
| Actuarial (gains) / losses arising from experience adjustments | 1.53 | 4.38 |
| **Components of defined benefit costs recognised in other comprehensive income** | **3.29** | **2.01** |
| **Total** | **7.61** | 6.15 |

### The amounts included in the balance sheet arising from the entity's obligation in respect of its defined benefit plan is as follows:

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| Present value of funded defined benefit obligation | 45.16 | 38.08 |
| Fair value of plan assets | (23.07) | (18.18) |
| **Funded status** | **22.09** | **19.90** |
| Restrictions on asset recognised | - | - |
| **Net liability arising from defined benefit obligation** | **22.09** | **19.90** |



### Movements in the present value of the defined benefit obligation are as follows:

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| Opening defined benefit obligation | 38.08 | 33.07 |
| Add : Acquisition / (disposal) | - | 0.01 |
| **Expenses Recognised in statement of profit and loss** | | |
| Current service cost | 3.10 | 3.00 |
| Past service cost and (gain)/loss from settlements | - | 0.34 |
| Interest cost | 2.52 | 2.34 |
| **Remeasurement (gains)/losses:** | | |
| Actuarial gains and losses arising from changes in demographic assumptions | - | 0.03 |
| Actuarial gains and losses arising from changes in financial assumptions | 1.65 | (2.80) |
| Actuarial gains and losses arising from experience adjustments | 1.53 | 4.38 |
| Benefits paid | (1.72) | (2.29) |
| **Closing defined benefit obligation** | **45.16** | **38.08** |

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**Movements in the fair value of the plan assets are as follows:**

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| Opening fair value of plan assets | 18.18 | 16.81 |
| Add : Acquisition / (disposal) | - | 1.36 |
| Expected return on plan assets | 1.30 | 1.54 |
| **Remeasurement gain / (loss):** | | |
| Contributions from the employer | 5.30 | 1.16 |
| Actuarial (gains) / losses on planned assets | (0.11) | (0.40) |
| Benefits paid | (1.60) | (2.29) |
| **Closing fair value of plan assets** | **23.07** | **18.18** |

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate increase / (decrease) by 1%, the defined benefit obligation would be ₹ 42.96 Crores (₹ 47.60 Crores) as at March 31, 2020.

If the expected salary growth increase / (decrease) by 1%, the defined benefit obligation would be ₹ 47.29 Crores (₹ 43.19 Crores) as at March 31, 2020.



The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

**Expected future Cash outflows towards the plan are as follows-**

₹ in Crores

| Financial Year | Amount |
|---|---|
| 2020-21 | 7.32 |
| 2021-22 | 5.73 |
| 2022-23 | 5.39 |
| 2023-24 | 5.24 |
| 2024-25 | 5.61 |
| 2025-26 to 2030- 31 | 20.47 |

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## NOTE NO. 41 LEASES:

**Disclosures in respect of leases**

The Company has entered into lease arrangements for its factory land and office premises. Refer Note 2.1 (viii) and Note 50 for the accounting policies and transition policies adopted by the Company respectively.

**(a) Movement in right-of-use assets and lease liabilities during the year:**

(i) Right-of-use assets

₹ in Crores

| Particulars | Factory Land | Office Premises | Total |
|---|---|---|---|
| **Gross carrying value:** | | | |
| **As at the date of transition** | **31.84** | **10.29** | **42.13** |
| Additions | 27.90 | - | 27.90 |
| Deletions | - | - | - |
| **As at March 31, 2020** | **59.74** | **10.29** | **70.03** |
| **Accumulated depreciation** | **0.29** | **4.42** | **4.71** |
| Depreciation for the year | 1.05 | 1.97 | 3.02 |
| Deletions | - | - | - |
| **As at March 31, 2020** | **1.34** | **6.39** | **7.73** |
| **Net carrying value as at March 31, 2020** | **58.40** | **3.90** | **62.30** |

**(ii) Lease liabilities**

₹ in Crores

| Particulars | As at March 31, 2020 |
|---|---|
| As at the date of transition | **10.82** |
| Addition | 6.10 |
| Accretion of interest | 1.35 |
| Payments | (3.10) |
| Deletion | - |
| **As at March 31, 2020** | **15.17** |
| Current | 2.41 |
| Non-current | 12.76 |

**(iii) Maturity analysis: Contractual undiscounted cash flows**

₹ in Crores

| | As at March 31, 2020 | | Total |
|---|---|---|---|
| Particulars | Factory Land | Office Premises | |
| Less than one year | 0.75 | 2.16 | 2.91 |
| One to five years | 3.41 | 3.28 | 6.69 |
| More than five years | 53.26 | - | 53.26 |
| **Total** | **57.42** | **5.44** | **62.86** |

**(b) Amount recognised in Standalone Statement of Profit and Loss**

₹ in Crores

| Particulars | For the year ended March 31, 2020 |
|---|---|
| Depreciation on Right-of-use assets | 3.02 |
| Finance cost: Interest on lease liabilities | 1.35 |
| Short term lease payments (Refer Note (i) below) | 2.77 |

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(i) The Company applies the short-term lease recognition exemption to its short-term leases of certain premises taken on lease (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

### (c) Amount recognised in Standalone Statement of Cash Flows

₹ in Crores

| Particulars | For the year ended March 31, 2020 |
|---|---|
| Cash outflows for leases | |
| interest portion of lease liabilities | 1.35 |
| principal portion of lease liabilities | 1.75 |

## NOTE NO. 42 CORPORATE SOCIAL RESPONSIBILITY:

a. Gross amount required to be spent by the company during the year: ₹ 1.15 Cr

b. Amount spent during the year on:

₹ in Crores

| Particulars | In Cash | Yet to be paid in cash | Total |
|---|---|---|---|
| (i) Construction/acquisition of any asset | - | - | - |
| (ii) On purposes other than (i) above | 1.27 | - | 1.27 |
| **Total** | **1.27** | **-** | **1.27** |

## NOTE NO. 43 RELATED PARTY INFORMATION:



**Wholly owned subsidiary:**

Shasun USA Inc., USA

**Other Subsidiaries:**

Sequent Penems Private Limited
Chemsynth Laboratories Private Limited

**KMP / Person holding significant interest in the company:**

| | |
|---|---|
| Jitesh Devendra | Managing Director |
| S Hariharan | Executive Director - Finance and Chief Financial Officer |
| R. Ramakrishnan | Independent Director |
| Nirmal P Bhogilal | Independent Director |
| Jagdish V Dore | Independent Director (Resigned wef. August 03, 2018) |
| Kausalya Santhanam | Independent Director |
| Deepak C Vaidya | Non-Executive Director |
| Ronald Tjeerd De Vries | Independent Director (Appointed wef. October 30, 2018) |
| Ankur Nand Thadani | Non-Executive Director (Appointed wef. May 16, 2019) |
| Arun Kumar | Person holding significant interest in the company |
| Bharat R Sesha | Chief Executive Officer (Appointed wef. Feb 6, 2020) |
| B Sreenivasa Reddy | Chief Operating Officer |
| S Murali Krishna | Company Secretary |

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**Enterprises controlled, owned or significantly influenced by KMP or person holding significant interest in the company:**

Strides Pharma Science Limited, India
Devendra Estates LLP, India
Devicam LLP, India
Sequent Scientific Limited, India
Alivira Animal Health Limited, India
Sterling Pharma Solutions Limited, UK (up to February 27, 2019)
Tenshi Life Sciences Private Limited, India
Aurore Life Sciences Private Limited, India
Tenshi Kaizen Private Limited, India (formerly Higher Pharmatech Private Limited)
Olene Life Sciences Private Limited, India
GMS Tenshi Holdings Pte Limited, Singapore
Stelis Biopharma Private Limited, India
Steriscience Private Limited, India (formerly Sovizen Life Sciences Private Limited)
Tenshi Active Pharma Sciences Private Limited, India
Tenshi Life Care Private Limited, India
Triphase Pharmaceuticals Private Limited, India
Oncobiologics Inc., USA
Naari Pharma Private Limited, India
Sequent Research Limited, India
Chayadeep Properties Private Limited, India
Tenshi Kaizen Inc., USA
Tenshi Kaizen USA Inc., USA
Batliboi Impex Limited, India
Tenshi Life Sciences PTE Ltd, Singapore
Biolexis Pte Ltd, Singapore
Navad Life Sciences Pte Ltd, Singapore
Aurore Pharmaceuticals Private Limited, India
Hydra Active Pharma Sciences Private Limited, India
Tenshi Kaizen Pharma Pte Ltd, Singapore
Tenshi Kaizen Private Limited, UK



**Transactions during the period**

₹ in Crores

| Description | Related party | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|---|
| Sale of goods | Strides Pharma Science Limited | 267.59 | 304.83 |
| | Aurore Life Sciences Private Limited | 0.52 | 0.02 |
| | Tenshi Kaizen Private Limited | 0.01 | 0.05 |
| | Sequent Scientific Limited | - | 26.47 |
| | Alivira Animal Health Limited | 9.99 | 10.23 |
| Sale of services | Sterling Pharma Solutions Limited | - | 1.62 |
| | Strides Pharma Science Limited | 10.01 | 10.13 |
| Interest income | Chemsynth Laboratories Private Limited | 0.23 | 0.26 |
| | Tenshi Life Sciences Private Limited | 0.93 | - |
| Other operating revenue | Strides Pharma Science Limited | 1.72 | 2.18 |
| Management charges | Shasun USA Inc | 3.34 | - |
| Other income | Tenshi Kaizen Private Limited | 1.42 | 0.78 |
| Sale of Asset | Strides Pharma Science Limited | - | 0.15 |

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₹ in Crores

| Description | Related party | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|---|
| Purchase of goods | Alivira Animal Health Limited | 19.36 | 5.49 |
| | Sequent Scientific Limited | 0.01 | 1.09 |
| | Strides Pharma Science Limited | 2.42 | 0.50 |
| | Aurore Life Sciences Private Limited | 2.67 | 3.31 |
| Purchase of services | Sequent Research Limited | 5.82 | 8.19 |
| | Sterling Pharma Solutions Limited | - | 0.89 |
| | Batliboi Impex Limited | 0.93 | 0.28 |
| Purchase of property, plant and equipment | Tenshi Life Sciences Private Limited | 0.27 | - |
| | Chemsynth Laboratories Private Limited | 0.92 | - |
| | Strides Pharma Science Limited | - | 34.94 |
| Purchase of Intangible asset | Sequent Scientific Limited | - | 0.15 |
| Investments in Strides Chemicals Private Limited | Strides Pharma Science Limited | - | 131.00 |
| Sales commission | Shasun USA Inc | 1.70 | - |
| | Alivira Animal Health Limited | 0.10 | - |
| | Sequent Scientific Limited | - | 0.13 |
| Recovery of expenses from | Shasun USA Inc | 0.05 | 0.06 |
| | Alivira Animal Health Limited | 0.01 | - |
| | Sequent Research Limited | 0.50 | 0.70 |
| | Chemsynth Laboratories Private Limited | 0.01 | - |
| | Strides Pharma Science Limited | 14.80 | 15.67 |
| Reimbursement of expenses to | Shasun USA Inc | - | 0.14 |
| | Strides Pharma Science Limited | 1.61 | 7.41 |
| | Tenshi Life Sciences Private Limited | 2.29 | 5.72 |
| | Sequent Scientific Limited | 0.14 | 0.57 |
| | Sequent Research Limited | 0.67 | 0.65 |
| | Sterling Pharma Solutions Limited | - | 0.56 |
| Rental Income | Sequent Research Limited | 0.84 | 0.84 |
| Rent & Maintenance for leased property | Devendra estates LLP | 0.31 | 0.29 |
| | Strides Pharma Science Limited | 1.52 | 1.45 |
| | Sequent Penems Private Limited | 0.46 | 0.46 |
| Advances given | Tenshi Kaizen Private Limited | - | 14.00 |
| | Tenshi Life Sciences Private Limited | - | 14.15 |
| | Chemsynth Laboratories Private Limited | 0.05 | 0.01 |
| Loan given | Tenshi Life Sciences Private Limited | 50.00 | - |
| Security deposit received | Sequent Research Limited | - | 0.42 |
| Security deposit given | Strides Pharma Science Limited | - | 0.72 |

### Transactions during the period

₹ in Crores

| Description | Related party | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|---|
| Sitting fees paid to directors | Deepak C Vaidya | 0.08 | 0.11 |
| | Jagdish V Dore | - | 0.04 |
| | Kausalya Santhanam | 0.08 | 0.11 |
| | Nirmal P Bhogilal | 0.08 | 0.11 |
| | Ronald Tjeerd De Vries | 0.08 | 0.04 |
| | R. Ramakrishnan | 0.08 | 0.11 |
| Services received in the capacity other than as KMP (refer note (i) below) | Bharat R Sesha | 0.60 | - |

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₹ in Crores

| Description | Related party | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|---|
| Short term employee benefits paid to (refer note (i) below) | Jitesh Devendra | 9.07 | 3.90 |
| | S Hariharan | 1.67 | 1.71 |
| | Bharat R Sesha | 0.76 | - |
| | B Sreenivasa Reddy | 1.73 | 1.52 |
| | S Murali Krishna | 0.42 | 0.41 |

note (i): The compensation excludes gratuity & compensated absences which cannot be separately identified from the composite amount advised by the actuary.

**Balances as at March 31, 2020**

₹ in Crores

| Description | Related party | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|---|
| Trade payables | Shasun USA Inc. | 3.05 | 0.02 |
| | Alivira Animal Health Limited | - | 5.06 |
| | Sequent Scientific Limited | 0.03 | 0.25 |
| | Batliboi Impex Limited | 0.09 | - |
| | Sequent Research Limited | 1.00 | 2.69 |
| | Devendra Estates LLP | 0.03 | 0.03 |
| | Sequent Penems Private Limited | 0.20 | 0.33 |
| | Strides Pharma Science Limited | 2.94 | 2.06 |
| | Tenshi Life Sciences Private Limited | 1.40 | 1.86 |
| | Aurore Life Sciences Private Limited | 0.02 | 2.46 |
| Security deposit received | Sequent Research Limited | 0.42 | 0.42 |
| Payables on acquisition of investments | Strides Pharma Science Limited | - | 55.10 |
| Trade receivables | Alivira Animal Health Limited | 2.23 | 4.69 |
| | Aurore Life Sciences Private Limited | 0.19 | 2.95 |
| | Tenshi Kaizen Private Limited | 0.01 | 0.08 |
| | Tenshi Life Sciences Private Limited | - | 0.84 |
| | Sequent Research Limited | 0.27 | - |
| | Strides Pharma Science Limited | 26.94 | 55.92 |
| | Sequent Scientific Limited | - | 0.04 |
| | Shasun USA Inc. | 1.59 | 1.61 |
| Other receivables | Chemsynth Laboratories Private Limited | 0.43 | 0.23 |
| | Tenshi Kaizen Private Limited | 1.53 | - |
| | Tenshi Life Sciences Private Limited | 0.84 | - |
| Loan / Advances receivable/ (payable) | Tenshi Kaizen Private Limited | 10.50 | 14.00 |
| | Tenshi Life Sciences Private Limited | 50.00 | - |
| | Chemsynth Laboratories Private Limited | 1.48 | 2.35 |
| | Sequent Penems Private Limited | (0.40) | - |
| Security deposit given | Sequent Penems Private Limited | - | 0.46 |
| | Strides Pharma Science Limited | 0.72 | 0.72 |
| | Devendra estates LLP | 0.20 | 0.20 |

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## NOTE NO. 44 EARNINGS PER SHARE:

Amount in ₹

| Particulars | For the year ended 31-Mar-20 | For the year ended 31-Mar-19 |
|---|---|---|
| **Basic earnings per share:** | | |
| From continuing operations (A/C) | 43.47 | 24.53 |
| From discontinued operations (B/C) | - | (3.11) |
| **Total basic earnings per share** | **43.47** | **21.42** |
| **Diluted earnings per share:** | | |
| From continuing operations (A/D) | 42.03 | 24.50 |
| From discontinued operations (B/D) | - | (3.11) |
| **Total diluted earnings per share** | **42.03** | **21.39** |

### Earnings used in computing basic and diluted earnings per share

₹ in Crores

| Particulars | For the year ended 31-Mar-20 | For the year ended 31-Mar-19 |
|---|---|---|
| **Profit / (loss) after tax attributable to the equity holders of the Company** | | |
| From continuing operations | 112.49 | 66.35 |
| Less: Share issue expenses debited to securities premium | - | (5.77) |
| **From continuing operations (A)** | **112.49** | **60.58** |
| **From discontinued operations (B)** | - | (7.68) |
| **Total operations** | **112.49** | **52.90** |



### Weighted average number of shares used as the denominator

| Particulars | For the year ended 31-Mar-20 | For the year ended 31-Mar-19 |
|---|---|---|
| **Weighted average number of equity shares used as denominator in calculating basic earnings per share (C)** | **25,878,915** | **24,689,335** |
| Adjustments for calculation of diluted earnings per share: | | |
| - share warrants** | 551,325 | - |
| - employee stock options | 335,953 | 38,073 |
| **Weighted average number of equity shares used as denominator in calculating diluted earnings per share (D)** | **26,766,192** | **24,727,408** |

** Effect of share warrants was not dilutive for the previous year and hence not considered for the purpose of calculation of Diluted EPS.

## NOTE NO. 45 SEGMENT REPORTING:

The Company is engaged in the manufacture and sale of Active Pharma Ingredients. The operating segment of the Company is identified to be “Manufacture and sale of Active Pharma Ingredients” as the chief operating decision maker (CODM) reviews business performance at an overall Company level as one segment.

As the Company operates in single operating segment i.e., “Manufacture and sale of Active Pharma Ingredients”, the reporting disclosures envisaged in Ind AS 108 on operating segments, are not applicable to the Company. However, the geographical information are disclosed below:

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### Geographical information

#### (i) Revenue from external customers

₹ in Crores

| Particulars | For the year ended 31-Mar-20 | For the year ended 31-Mar-19 |
|---|---|---|
| Asia Pacific | 655.29 | 773.96 |
| Europe | 352.00 | 334.13 |
| North America | 102.56 | 77.81 |
| South America | 117.92 | 110.53 |
| Rest of the World | 39.87 | 25.66 |
| **Total** | **1,267.64** | **1,322.09** |

#### (ii) Non-current assets*

₹ in Crores

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| India | 1,443.92 | 1,275.59 |
| **Total** | **1,443.92** | **1,275.59** |

*Non-current assets do not include financial assets under financial instruments

#### (iii) Revenue from major customers

Revenue from one customer of the Company is ₹ 277.60 Crores (31 March 2019 - ₹ 321.87 Crores) which is individually more than 10 percent of the Company's total revenue.



### NOTE NO. 46 SHARE-BASED PAYMENTS:

**Details of the employee share option plan of the Company:**

The ESOP titled "Solara Employee Stock Option Plan 2018" (ESOP 2018) was approved by the shareholders and stock exchanges for 1,228,778 options. Each option comprises one underlying equity share of the Company. The vesting period of these options range over a period of three years. The options must be exercised within a period of 120 days from the date of vesting. 1,90,000 options (Previous year: 8,45,000 options) were granted under this plan during the current year.

During the current year, employee compensation costs of ₹ 5.60 Crores (Previous year: ₹ 2.39 Crores) relating to the above referred Employee Stock Option Plans have been charged to the Statement of Profit and Loss.

**Fair value of share options granted in the year**

The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value of the ESOP granted during the year are as below:

| Assumptions | Grant Date: May 15, 2019 (ESOP 2018) | | |
|---|---|---|---|
| | Vest 1 May 15, 2020 | Vest 2 May 15, 2021 | Vest 3 May 15, 2022 |
| | **20%** | **30%** | **50%** |
| No. of options | 8,000 | 12,000 | 20,000 |
| Fair market value of option at grant date (₹) | 159.49 | 175.27 | 187.64 |
| Fair market value of share at grant date (₹) | 443.98 | 443.98 | 443.98 |
| Exercise price (₹) | 332.00 | 332.00 | 332.00 |
| Expected volatility | 39.53% | 39.53% | 39.53% |
| Option life (Years) | 1 | 2 | 3 |
| Expected Dividend Yield | 0.00% | 0.00% | 0.00% |
| Risk-free interest rate | 7.41% | 7.41% | 7.41% |

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| Assumptions | Grant Date: February 5, 2020 (ESOP 2018) Vest 1 Feb 5, 2021 | Vest 2 Feb 5, 2022 | Vest 3 Feb 5, 2023 |
|---|---|---|---|
| | **13%** | **20%** | **67%** |
| No. of options | 20,000 | 30,000 | 100,000 |
| Fair market value of option at grant date (₹) | 162.82 | 191.11 | 203.65 |
| Fair market value of share at grant date (₹) | 498.65 | 498.65 | 498.65 |
| Exercise price (₹) | 374.00 | 374.00 | 374.00 |
| Expected volatility | 39.40% | 39.40% | 34.32% |
| Option life (Years) | 1 | 2 | 3 |
| Expected Dividend Yield | 1.00% | 1.00% | 1.00% |
| Risk-free interest rate | 5.43% | 5.63% | 5.80% |

**Fair value of share options granted in the previous year**

The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value of the ESOP granted during the previous year are as below:

| Assumptions | Grant Date: October 01, 2018 (ESOP 2018) Vest 1 October 01, 2019 | Vest 2 October 01, 2020 | Vest 3 October 01, 2021 |
|---|---|---|---|
| | **20%** | **30%** | **50%** |
| No. of options | 49,000 | 73,500 | 122,500 |
| Fair market value of option at grant date (₹) | 92.33 | 103.18 | 111.25 |
| Fair market value of share at grant date (₹) | 265.97 | 265.97 | 265.97 |
| Exercise price (₹) | 205.00 | 205.00 | 205.00 |
| Expected volatility | 39.13% | 39.13% | 39.13% |
| Option life (Years) | 1 | 2 | 3 |
| Expected Dividend Yield | 0.00% | 0.00% | 0.00% |
| Risk-free interest rate | 8.00% | 8.00% | 8.00% |



| Assumptions | Grant Date: November 01, 2018 (ESOP 2018) Vest 1 November 30, 2019 | Vest 2 November 30, 2020 |
|---|---|---|
| | **40%** | **60%** |
| No. of options | 240,000 | 360,000 |
| Fair market value of option at grant date (₹) | 120.08 | 130.93 |
| Fair market value of share at grant date (₹) | 297.86 | 297.86 |
| Exercise price (₹) | 205.00 | 205.00 |
| Expected volatility | 39.13% | 39.13% |
| Option life (Years) | 1 | 2 |
| Expected Dividend Yield | 0.00% | 0.00% |
| Risk-free interest rate | 8.00% | 8.00% |

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**Employee stock options details as on the balance sheet date are as follows:**

| Particulars | During the year 2019-20 | | During the year 2018-19 | |
|---|---|---|---|---|
| | Options (No's) | Weighted average exercise price per option (₹) | Options (No's) | Weighted average exercise price per option (₹) |
| Option outstanding at the beginning of the year: | | | | |
| - ESOP 2018 | 845,000 | 205.00 | - | - |
| Granted during the year: | | | | |
| - ESOP 2018 | 190,000 | 365.16 | 845,000 | 205.00 |
| Exercised during the year: | | | | |
| - ESOP 2018 | 281,000 | 205.00 | - | - |
| Lapsed/ cancelled during the year: | | | | |
| - ESOP 2018 | 40,000 | 205.00 | - | - |
| Options outstanding at the end of the year: | | | | |
| - ESOP 2018 | 714,000 | 247.62 | 845,000 | 205.00 |
| Options available for grant: | | | | |
| - ESOP 2018 | 193,778 | - | 383,778 | - |

## NOTE NO. 47 FINANCIAL INSTRUMENTS

### 47.1 Categories of financial instruments

₹ in Crores

| Particulars | 31-Mar-20 | 31-Mar-19 |
|---|---|---|
| **Financial assets:** | | |
| **Measured at amortised cost** | | |
| (a) Cash and bank balances | 56.58 | 76.37 |
| (b) Investments | 0.32 | 0.41 |
| (c) Trade receivables | 229.67 | 290.24 |
| (d) Loans | 53.84 | 4.71 |
| (e) Other financial assets at amortised cost | 28.45 | 27.79 |
| **Financial liabilities:** | | |
| **Measured at amortised cost** | | |
| (a) Borrowings | 586.50 | 439.43 |
| (b) Lease liability | 15.17 | - |
| (c) Current maturity of non-current borrowings | 120.29 | 98.33 |
| (d) Current maturity of finance lease obligations | - | 0.29 |
| (e) Trade payables | 215.72 | 242.52 |
| (f) Other Financial Liabilities | 10.35 | 63.65 |

### 47.2 Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

The management assessed that the carrying value of financial assets and financial liabilities (except borrowings) approximate the fair value in both of the years presented.

The below table summarises the borrowings which are measured at amortised cost and for which fair values are disclosed, with corresponding carrying values:

₹ in Crores

| Particulars | 31-Mar-20 | | 31-Mar-19 | |
|---|---|---|---|---|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| **Financial liabilities:** | | | | |
| Borrowings | 706.79 | 715.10 | 538.05 | 549.25 |

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**Financial risk management objectives**

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

**47.3 Foreign currency risk management**

The Company is exposed to foreign exchange risk due to:
- debt availed in foreign currency
- exposure arising from transactions relating to purchases, revenues, expenses, etc., to be settled (within and outside the group) in currencies other than the functional currency of the respective entities

The carrying amount of the Company's foreign currency denominated monetary liabilities (payables) and assets (receivables) as at the end of reporting period are as under:

Amounts in Crores

| Amount receivable / (payable) | As at 31-Mar-20 | | As at 31-Mar-19 | |
|---|---|---|---|---|
| **Exposure to the Currency** | **in foreign Currency** | **in INR** | **in foreign Currency** | **in INR** |
| USD | (0.88) | (65.86) | (0.60) | (41.25) |
| EUR | 0.02 | 1.36 | 0.03 | 2.40 |
| GBP | 0.00 | 0.25 | 0.01 | 0.96 |
| JPY | 0.03 | 0.02 | (0.21) | (0.13) |
| SGD | - | - | 0.00 | 0.03 |
| CHF | (0.00) | (0.08) | - | - |

**Foreign currency sensitivity analysis**

Financial instruments affected by changes in foreign exchange rates include Working capital loans. The Company considers US Dollar and the Euro to be principal currencies which require monitoring and risk mitigation. The Company is exposed to volatility in other currencies including the Great Britain Pounds (GBP) and the Japanese Yen (JPY). The impact on account of 5% appreciation / depreciation in the exchange rate of the above foreign currencies against INR is given below:

₹ in Crores

| Exposure to the Currency | Increase / (Decrease) in Profit 31-Mar-20 | Increase / (Decrease) in Profit 31-Mar-19 |
|---|---|---|
| Appreciation in the USD | (3.29) | (2.06) |
| Depreciation in the USD | 3.29 | 2.06 |
| Appreciation in the EUR | 0.07 | 0.12 |
| Depreciation in the EUR | (0.07) | (0.12) |
| Appreciation in the GBP | 0.01 | 0.05 |
| Depreciation in the GBP | (0.01) | (0.05) |
| Appreciation in the JPY | - | (0.01) |
| Depreciation in the JPY | - | 0.01 |

The impact on profit has been arrived at by applying the effects of appreciation / deprecation effects of currency on the net position (Assets in foreign currency - Liabilities in foreign currency) in the respective currencies.

For the purpose of the above table, it is assumed that the carrying value of the financial assets and liabilities as at the end of respective financial years remains constant thereafter.

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The sensitivity analysis might not be representative of inherent foreign exchange risk due to the fact that the foreign exposure at the end of the reporting period might not reflect the exposure during the period.

**47.4 Interest rate risk management**

Interest rate risk arises from borrowings. Debt issued at variable rates exposes the company to cash flow risk. Debt issued at fixed rate exposes the company to fair value risk.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments is as follows:

₹ in Crores

| Particulars | As at 31 March, 2020 | As at 31 March, 2019 |
|---|---|---|
| **Fixed-rate instruments** | | |
| **Financial assets** | | |
| Balance with banks held as margin money | 0.70 | 0.75 |
| Balance with banks held in deposit account | 54.84 | 72.11 |
| **Financial liabilities** | | |
| Finance lease obligations | - | 4.10 |
| Lease liability | 15.17 | - |
| | **70.71** | **76.96** |
| **Variable-rate instruments** | | |
| **Financial liabilities** | | |
| Borrowings from bank | 706.79 | 533.95 |
| | **706.79** | **533.95** |



**Interest rate sensitivity analysis**

Financial instruments affected by interest rate changes include secured long term loans from banks, secured long term loans from others and secured short term loans from banks. The impact of a 1% change in interest rates on the profit of an annual period will be ₹ 6.79 Crores (Previous year: ₹ 7.29 Crores) assuming the loans at each year end remain constant during the respective years. This computation does not involve a revaluation of the fair value of loans as a consequence of changes in interest rates. The computation also assumes that an increase in interest rates on floating rate liabilities will not necessarily involve an increase in interest rates on floating rate financial assets.

**47.5 Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit Risk to the company primarily arises from trade receivables. Credit risk also arises from cash and cash equivalents, financial instruments and deposits with banks and financial institutions and other financial assets.

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company has an internal mechanism of determining the credit rating of the customers and setting credit limits. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The credit risk arising from receivables is subject to currency risk in that the receivables are predominantly denominated in USD, EUR and GBP and any appreciation in the INR will affect the credit risk. Further, the Company is not significantly exposed to geographical distribution risk as the counterparties operate across various countries across the Globe.

The credit risk on financial instruments like forward exchange contracts is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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### 47.6 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual short term and long term cash flows, and by matching the maturity profiles of financial assets and liabilities.

#### 47.6.1 Liquidity analysis for Non-Derivative Liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table include repayment of principal amounts. The contractual maturity is based on the earliest date on which the Company may be required to pay.

₹ in Crores

| Financial Liabilities | Due within (years) | | | | | | Total | Carrying Amount |
|---|---|---|---|---|---|---|---|---|
| | 1 | 1 to 2 | 2 to 3 | 3 to 4 | 4 to 5 | beyond 5 | | |
| **Bank & other borrowings** | | | | | | | | |
| - As on March 31, 2020 | 475.77 | 113.58 | 91.08 | 34.67 | - | - | **715.10** | **706.79** |
| - As on March 31, 2019 | 314.75 | 113.14 | 74.16 | 41.17 | 3.55 | 2.48 | **549.25** | **538.05** |
| | | | | | | | | |
| **Interest payable on borrowings** | | | | | | | | |
| - As on March 31, 2020 | 0.75 | - | - | - | - | - | **0.75** | **0.75** |
| - As on March 31, 2019 | 0.49 | - | - | - | - | - | **0.49** | **0.49** |
| | | | | | | | | |
| **Lease liability** | | | | | | | | |
| - As on March 31, 2020 | 2.41 | 1.75 | 1.56 | 0.55 | 0.51 | 8.39 | **15.17** | **15.17** |
| - As on March 31, 2019 | - | - | - | - | - | - | **-** | **-** |
| | | | | | | | | |
| **Trade and other payable** | | | | | | | | |
| - As on March 31, 2020 | 225.32 | - | - | - | - | - | **225.32** | **225.32** |
| - As on March 31, 2019 | 305.68 | - | - | - | - | - | **305.68** | **305.68** |



## NOTE NO. 48 CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings as detailed in note 19 (i) and 19 (iv) offset by cash and bank balances) and total equity.

The Company is not subject to any externally imposed capital requirements.

### Gearing ratio

The gearing ratio at end of the reporting period is as follows.

₹ in Crores

| Particulars | 31-Mar-20 | 31-Mar-19 |
|---|---|---|
| Debt (i) | 721.96 | 538.05 |
| Less: | | |
| Cash and bank balances | 56.58 | 76.37 |
| **Net Debt (A)** | **665.38** | **461.68** |
| **Total Equity (B)** | **1,090.79** | **962.45** |
| **Net debt to equity ratio (A/B)** | 0.61 | 0.48 |

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(i) Debt is defined as non-current borrowings, current maturities of non-current borrowings, current maturities of finance lease obligations, current borrowings and lease liability.

## NOTE NO. 49 DISCLOSURE AS PER PART A OF SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECTION 186(4) OF THE COMPANIES ACT, 2013 IN RESPECT OF LOANS GIVEN

₹ in Crores

| Name of borrower | Nature of relationship | Purpose for which the loan is utilised by the recipient | Rate of interest | As at April 01, 2019 | Given during the year | Repaid during the year | As at March 31, 2020 | Maximum outstanding during the year ended March 31, 2020 |
|---|---|---|---|---|---|---|---|---|
| Chemsynth Laboratories Private Limited | Subsidiary | Operations | 10.90% | 2.35 | 0.06 | 0.92 | 1.49 | 2.40 |
| Tenshi Life Sciences Private Limited | Others | Operations | 10.00% | - | 50.00 | - | 50.00 | 50.00 |

## NOTE NO. 50 NEW ACCOUNTING STANDARDS ADOPTED BY THE COMPANY:

**Ind AS 116 Leases:**

Effective April 1, 2019, the Company adopted new standard Ind AS 116 "Leases" which replaced the earlier standard on Leases Ind AS 17, and applied the new standard to all lease contracts existing on April 1, 2019 using the modified retrospective method on the date of initial application and has taken the cumulative adjustment to retained earnings. Accordingly, as on the date of transition, the Company recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate at the date of transition. The right-of-use asset is recorded at the present value of the lease payments as if the standard had been applied since the commencement date of the lease, but depreciated till the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of the financial statements for year ended March 31, 2019. Further, due to transition, the nature of expenses in respect of leases has changed from "lease rent" to "depreciation and amortisation expense" and "finance cost" for the right-of-use assets and for interest accrued on lease liability respectively, and therefore these expenses for the current year are not comparable to the previous year disclosed.

The following is the summary of practical expedients elected by the Company on the initial application:

1. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

2. In respect of those leases classified as finance leases applying Ind AS 17, at the date of initial application, the Company has elected to recognise the right-of-use asset and the lease liability at the carrying amount of the lease asset and lease liability immediately before that date, measured applying Ind AS 17.

3. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

4. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

5. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 10.90 %.

On transition, the adoption of the new standard resulted in recognition of 'Right-of-Use' asset of ₹ 37.42 Crores (net of Accumulated depreciation amounting to ₹ 4.71 Crores), lease liability of ₹ 10.82 Crores and de-recognition of prepaid expenses of ₹ 13.21 Crores, leasehold land under finance lease of ₹ 18.35 Crores and finance lease obligation of ₹ 4.10 Crores. The cumulative effect of applying the standard, amounting to ₹ 0.56 Crores was debited to retained earnings, net of taxes as at April 1, 2019.

Ind AS 116 resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

**Reconciliation of operating lease commitments as at March 31, 2019 with the lease liabilities recognized in the Balance Sheet as at April 1, 2019.**

| Particulars | ₹ in Crores |
|---|---|
| Operating lease commitment as at March 31, 2019 | 11.03 |
| Less: commitments relating to lease of low value assets and short-term leases on account of practical expedients exercised | (2.97) |
| Operating lease commitment as at March 31, 2019 considered for lease liability | 8.06 |
| **Discounted using the incremental borrowing rate as of April 1, 2019** | **6.72** |
| Finance lease obligation in respect of finance leases | 4.10 |
| **Lease liabilities recognised as at April 1, 2019** | **10.82** |

**NOTE NO. 51** The Board of Directors, have in their meeting on May 7, 2020, proposed final dividend of ₹ 5.37 Crores (₹2/- per equity share) for the financial year ended March 31, 2020. This proposed dividend is subject to approval of the shareholders in the ensuing Annual General Meeting (AGM).

**NOTE NO. 52** The Previous year's figures have been re-grouped/reclassified, where necessary to confirm to current year's classification.



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

**Jitesh Devendra**
Managing Director
DIN: 06469234

**S Hariharan**
Executive Director - Finance and
Chief Financial Officer
DIN: 05297969

**S Murali Krishna**
Company Secretary
Membership No.: 13372

Place : Bengaluru
Date : May 7, 2020