



Manufacturing  
excellence



Robust R&D



Regulatory compliance

# Quality First



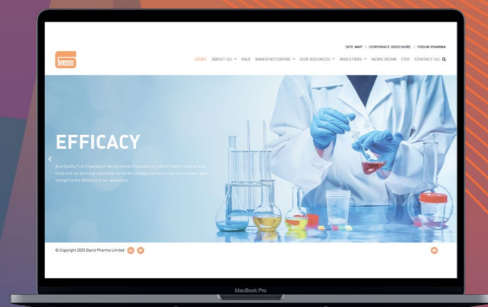
Best-in-class  
products



Committed  
services

# About the Report

We present the story of our past and an insight into our future. We intend to capture our strengths and strategies in the second Integrated Report. We are proud to present this report adopting the structure as described in the Integrated Reporting (IR) framework, as defined by the International Integrated Reporting Council (IIRC).



For the online version of the Annual Report please log on to

[https://glandpharma.com/investors/investors\\_annual\\_report](https://glandpharma.com/investors/investors_annual_report)

#### Forward-looking statements

Some information in this report may contain forward-looking statements, which include statements regarding the Company's expected financial position and results of operations, business plans and prospects, etc. They are generally identified by forward-looking words, such as "believe", "plan", "anticipate", "continue", "estimate", "expect", "may", "will", or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

## Reporting FRAMEWORK

The report follows the International Framework as developed by IIRC ([www.integratedreporting.org](http://www.integratedreporting.org)) and should be read in conjunction with the financial statements included herein and the notes thereto. The financial and statutory data presented is in accordance with the requirements of the Companies Act, 2013 (including the rules made thereunder), Indian Accounting Standards, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws.

## The report discusses 6 CAPITALS

- Financial Capital
- Manufactured Capital
- Intellectual Capital
- Human Capital
- Social & Relationship Capital
- Natural Capital

The IR section of the report is followed by the Statutory Reports and the Financial Statements.

#### REPORTING SCOPE AND PERIOD

The Annual Report covers information on business operations of Gland Pharma Limited, aptly disclosed through six capitals as defined by International Integrated Reporting Council (IIRC). All the six capitals cover information on India operations.

The Annual Report considers the primary reporting period as April 01, 2021 to March 31, 2022. However, some of the sections of the report represent facts and figures of previous years and subsequent period to provide a comprehensive view to the stakeholders.

#### ASSURANCE

To ensure the integrity of facts and information, the Management have reviewed the facts and qualitative statements in the Annual Report.

The statutory auditors S.R. Batliboi & Associates LLP, Chartered Accountants have provided an unmodified opinion on the financial statements and the 'Independent Auditor's Report' has been duly incorporated as a part of this report.



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## Feedback

We welcome and appreciate any constructive input and feedback from stakeholders.

**Email**  
[investors@glandpharma.com](mailto:investors@glandpharma.com)

**Website**  
[www.glandpharma.com](http://www.glandpharma.com)

# 27%

YoY growth in Revenue

# 22%

YoY growth in PAT

# 44

Product SKUs launched in core markets

# 28

production lines

# 86%

YoY growth in R&D expenditure to strengthen product pipeline and enhance capabilities

PERFORMANCE HIGHLIGHTS FY 2021-22





**'Quality First' is more than a credo and a 24x7 commitment at Gland Pharma - for us, it is a way of life!** It is deeply ingrained in our culture and encompasses all our strategies. From ramping up manufacturing capabilities to diversifying our portfolio with a robust R&D backbone and complying with stringent regulations in advanced and emerging economies, we are determined to strive for 'Quality' across our operations.

The same overarching philosophy of 'Quality First' underpins all our initiatives to provide industry-leading services and to attract, retain and nurture talent, who are empowered to create exceptional value for all stakeholders.

Our financial and operational performance in FY 2021-22 bears testimony to the fact that despite multiple headwinds, we have successfully maintained operating efficiencies and simultaneously grew our revenue and profitability.

In terms of our manufacturing infrastructure, we have not just increased our capacity but have also improved the product pipeline. Going forward, the commissioning of new products are expected to support the complex injectables development pipeline for suspensions, hormones and emulsion-based products. Alongside, we seek to keep the manufacturing cost per unit among the lowest in the industry, while maintaining the highest quality standards.

Resting on strong demand for our products and incremental growth opportunities, we have cemented our position in the global market and continue to be motivated by our desire to prioritise 'Quality First'.



## Introducing Gland Pharma

# An engaging story of transformation with quality at the core

Gland Pharma is one of the largest and fastest growing, global generic injectable-focused companies with eight manufacturing facilities in India.

We have continuously transformed ourselves from a contract manufacturer of small volume liquid parenteral products to become one of the largest and fastest growing injectable-focused companies, with a global footprint.

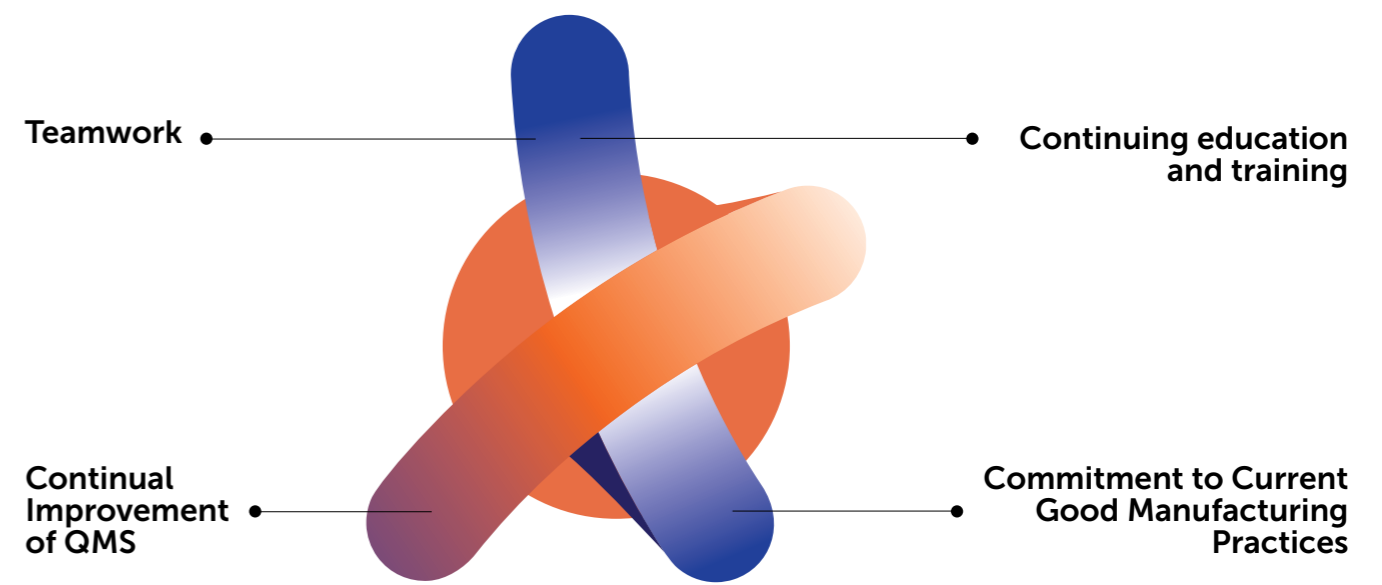
We specialise in complex injectables and are present in the sterile injectables, oncology, and ophthalmology segments. Our products are currently available in liquid vials, lyophilized vials, pre-filled syringes, ampoules, bags, and drops, with plans to expand our production capabilities in complicated injectables such as peptides, long-acting injectables, suspensions, and hormonal medicines. We are also working on adding new delivery technologies to our product lines, such as pens and cartridges.

We have a proven track record of successfully operating a robust B2B strategy to meet the diverse injectable requirements of global pharmaceutical companies. Our B2B model encompasses IP-driven, technology transfer, and contract manufacturing models.

Additionally, our B2C approach is primarily focused on targeted markets in India, where our products are primarily sold to end consumers, including hospitals, nursing homes, and government facilities.



We instil Ethics, Excellence and Efficacy in every product and strive to be a global leader. We accomplish this through:



### Efficacy

As a Quality First Organisation, we lay utmost importance on patient health. Emphasising integrity at all times, our technical capabilities to handle complex manufacturing requirements add strength to the efficiency of our operations.



### Excellence

Our seamless methodologies give us efficiencies and high productivity both in supply chain management and manufacturing operations. This helps us offer affordable and high-quality products, resulting in customer delight in all business services. Our product development capabilities help us to build a sustainable platform for future growth



### Ethics

Commitment to good corporate governance is a standard operating procedure for us. We maintain transparency and fairness in all business dealings with stakeholders. Our proactive activities for the betterment of society make us a very empathetic and socially responsible company.

# Introducing Gland Pharma

## The year in a snapshot

In FY 2021-22, Gland Pharma had a relatively successful year with increased topline and bottomline while maintaining excellent operational efficiency. The strong business momentum and strategic initiatives are expected to further sustain our excellent financial and operational performance.

### Operational

**~1,000** million units  
Finished formulation capacity

**44**  
Product SKUs in FY 2021-22

**ZERO**  
Accidents or injuries at plants

**4,639**  
Employees as on March 31, 2022

### Financial

**₹44,007** million  
Revenue

**₹17,341** million  
EBIDTA

**₹12,117** million  
PAT

### Experience

**40+**  
Years of existence

**25**  
Years of average experience of top management in the pharmaceutical industry\*

\*Management team comprises of 9 members

### Governance

**05**  
Independent Directors on Board

**88.67%**  
Attendance of Board members in meetings during FY 2021-22

**06**  
Committees formed and governed by Board

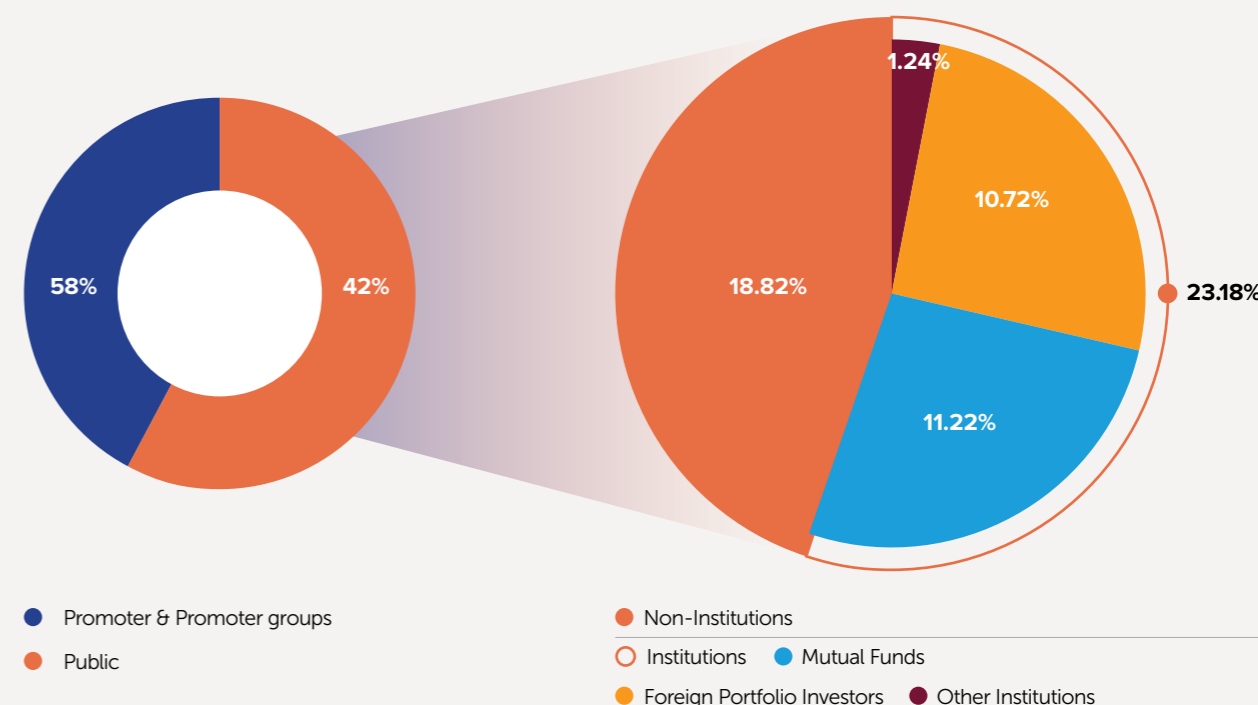


The year FY 2021-22 was marked by several challenging macro-economic and geo-political factors. Gland's excellent performance in such testing times is a testament to our strategic priorities and our ability to transform challenges into sustainable value-creation opportunities for all our stakeholders.

**-Srinivas Sadu, MD & CEO**

## Investors

Shareholding pattern as on March 31, 2022





## Letter from the MD and CEO



**Srinivas Sadu**  
MD & CEO

### Dear Shareholders,

Our inherent ability to capitalise on emerging opportunities with a broad product portfolio and differentiated business model continues to pave the way for a better and sustainable future for Gland Pharma. We remain committed to uphold the trust and support of all our stakeholders with a quality-first approach in all that we do.

The year 2021 saw the global economy take firm steps towards recovery, despite the fact that the spread of virus mutants remained a concern. The pace of economic recovery remained divergent across geographies, depending upon the access to vaccines and the fiscal and monetary stimulus measures provided.

Growth in economy, production output and stronger employment figures indicate improved demand conditions globally. However, global supply chain disruption, rising inflationary pressures and elevated geopolitical tensions are having an impact on the momentum of the recovery. The Indian economy also continued to register sustained recovery with a steady drop in new COVID-19 cases, and the consequent withdrawal of restrictions across states.

As a business, we did our bit to support in the battle against the COVID-19 pandemic. We worked in close collaboration with the government agencies and our marketing partners to ensure a consistent supply of medicines. Several supply chain optimization measures were incorporated from time to time,

including change of supply vendors, batch size modifications and changes to the manufacturing lines.

I am happy to share that we maintained our growth momentum in FY 2021-22 with an emphasis on new product launches, life cycle management of products and focus on revenue diversification across geographies. Working together as a team to battle the COVID-19 pandemic, our workforce understands the impact their work makes in supporting the healthcare infrastructure globally and their collective efforts have helped Gland to report stronger financial performances across markets - proving our resilience to achieve steady progress.

### Core markets

The US market has seen increased competition but at the same time shortages persist. While price erosion was noticed in certain recently genericized molecules, the mature portfolio remained stable. We continue to maintain our market share and have remained insulated from competitive pressures during the year. Our focus continues to remain on expanding our product portfolio to include differentiated products in the market. Besides, our R&D spends have been in line with our growth plans.

We delivered a strong performance in the US market during FY 2021-22 with growth in existing product lines and new product launches. Our R&D efforts have also helped us maintain a strong momentum. We launched a total of 44 product SKUs (29 molecules) during FY 2021-22. Other core markets of Europe, Canada, Australia and New Zealand have also demonstrated strong demand for our products.

### Rest of the World markets

Our strategy of expanding our product portfolio in identified geographies has produced encouraging results for Rest of the World markets. The biggest



**The year FY 2021-22 was marked by several challenging macro-economic and geo-political factors. Gland's excellent performance in such testing times is a testament to our strategic priorities and our ability to transform challenges into sustainable value-creation opportunities for all our stakeholders.**



contributors were the LatAm, GCC and other Asian countries.

While supply chain disruptions were rampant around the world, our efficient supply chain management strategies, supported by best-in-class manufacturing infrastructure, enabled us to meet shorter lead times required for Rest of the World markets. I believe there is enough scope to further expand our reach, given the breadth of our product portfolio. We also lay importance on building long-term relationships with our marketing partners and it has helped us deliver sustainable growth.



### Domestic market

Our domestic sales grew on the back of strong demand for our existing products. We were committed to support the nation during the COVID-19 pandemic and the sale of products used for the treatment of COVID patients helped to ramp up revenues towards the beginning of the financial year.

### Manufacturing

To fulfil our growth objectives across geographies, it was essential to align our manufacturing capabilities. As on March 31, 2022, we have 28 lines with a normalised capacity of nearly ~1,000 Mn units as against ~800 Mn units last year. We have also added additional approved lines for our existing products to help reduce manufacturing risks.

Our quality and regulatory teams have met stringent regulatory requirements and have ensured adherence to quality standards across operations. Last year, we were compelled to operate with a reduced workforce due to the pandemic. But, our dedication to uphold the highest quality standards enabled us to fulfil compliance requirements and our plants continue to be approved by the USFDA.

### Financial performance

During the year, our consolidated revenue was ₹44,007 million with a revenue growth of 27% over the previous year. Our EBITDA stood at ₹17,341 million as against ₹14,370 million in FY 2020-21, reporting a growth of 21% and our PAT was ₹12,117 million, increasing by 22% over the previous year.

We also achieved a revenue growth of 16% across our core markets of the US, Canada, Europe, and Australia. We also registered revenue growth of 13% in the US market. Alongside, Rest of the World market recorded a robust growth of 55%. The Indian market also witnessed significant revenue growth of 60%.

### Social commitments

We are dedicated to fulfil our social obligations as a responsible corporate entity. Gland broadly focuses on serving the society by providing education, healthcare facility, and ensuring the conservation of the environment, ecosystems and the natural resources. We also lay utmost importance on the safety and well-being of our employees.

Our responsibility towards people, patients, communities and the natural environment override our business endeavours. To deliver exceptional outcomes and foster mutually beneficial relationships, we are committed to make positive changes to the lives of our stakeholders. Our CSR initiatives act as an impetus for creating value for communities and the society at large.

We have allocated nearly ₹200 million on CSR initiatives during the last year on key projects encompassing education, health, and wildlife conservation. We also supported the development of government school infrastructure and it benefitted nearly 1530 students. During the second wave of Covid-19 we contributed towards building robust healthcare infrastructure by distributing ventilators, Masks, PPE Kits, Oxygen Cylinders, etc. at various hospitals.

### Road ahead

Our near-term focus remains on establishing a strong portfolio of complex injectables. We are expanding capabilities in peptides, long acting injectables, suspensions and hormonal products with new delivery systems such as pens and cartridges.

We are steadily investing towards creating robust infrastructure for Biologic CDMO. We have a team of experienced professionals to take this business forward. We are also exploring opportunities to collaborate with our partners and other companies to expedite our entry in this space.

Over the years, we have delivered differentiated products with a Quality First approach. By continuing to evolve through manufacturing excellence, process improvement, regulatory compliance and best-in-class products, we continue to create long-term value for all our stakeholders.

Before I conclude, let us look at some key priorities for 2022-23:

In terms of our operational performance, I clearly expect us to show steady improvements in financial performance to meet our 2023 targets.

We will continue to actively manage our portfolio and enhance value creation for our shareholders. We also look forward to grow Gland Pharma through suitable acquisitions that add strength to our existing business.

Finally, looking at capital allocation, we expect a meaningful uplift in cash generation in FY 2022-23 and our capital allocation priorities remain unchanged. We will continue to focus on our investments in to R&D & Manufacturing to drive organic growth and execute value-accretive acquisitions to drive inorganic growth. Gland is one of the leading generic injectable CDMO companies, and we seek to sustain our position as a valued partner for our clients. Relying on our global R&D capabilities, manufacturing infrastructure and innovative focus, we intend to fulfil customer expectations. Although supply chain disruptions may weigh on our near-term outlook, we look forward to remaining on track for sustainable growth.

On behalf of everyone at Gland and our Board, I would like to thank you for your continued support and trust.

Regards

*S. Srinivas*  
**Srinivas Sadu**  
 MD & CEO





## Global Presence

# A powerful global brand with a diverse portfolio

Exports to **60+** Countries

**>86%** Share of revenue from international markets in FY 2021-22

### Enhancing prominence across geographies

Our core markets of United States, Canada, Europe and Australia have seen strong growth in recent years and have showed strength, despite market challenges. We are also expanding our presence as a leading generic injectable manufacturer as a part of our long-term global expansion strategy. Our market in India saw an impressive performance (revenue growth of 60% in FY 2021-22 compared to FY 2020-21), primarily on account of volume growth of existing products.

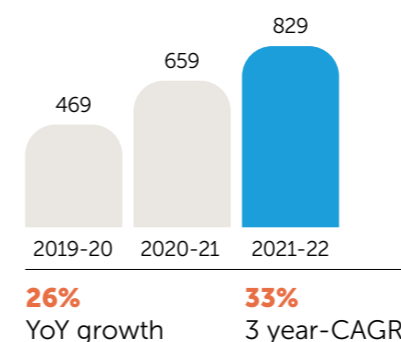
### Expansion in targeted geographies

We are also strategically focusing on expanding our presence in the 'Rest of the World' (ROW) markets to strengthen our global position. We have received a positive response from the markets we have recently entered, including Singapore, Israel, Saudi Arabia, and CIS countries.

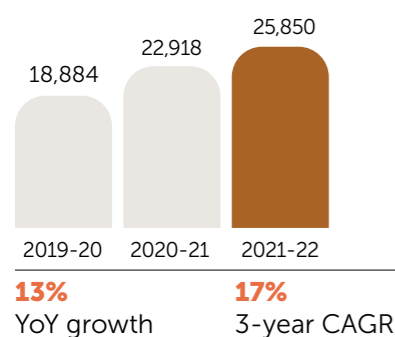
In FY 2021-22, our strategy of expanding our product portfolio in targeted geographies resulted in a 55% y-o-y increase. We have also entered markets in China by leveraging the credentials of our parent company, Fosun Pharma.



**Canada**  
(₹ Million)



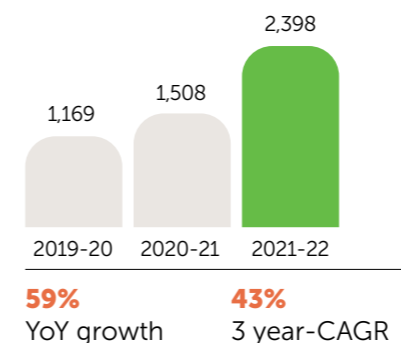
**USA\***  
(₹ Million)



\*Sales made to Indian customers for the US market has been considered in the US sales.

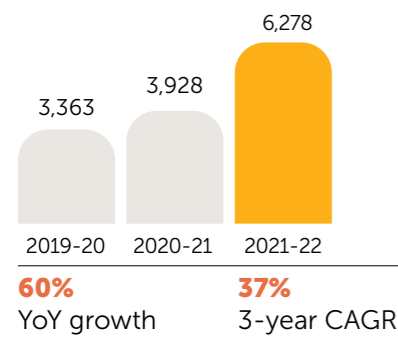


**Europe**  
(₹ Million)





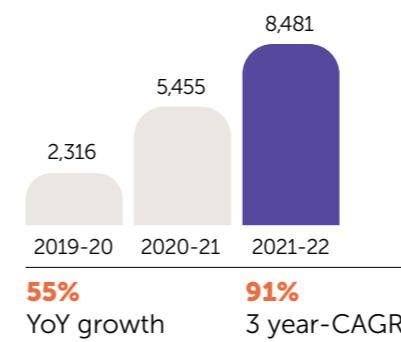
**India\***  
(₹ Million)



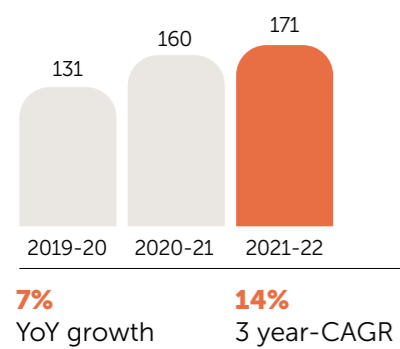
\*Sales made to Indian customers for the US market has been considered in the US sales.



**ROW**  
(₹ Million)



**Australia**  
(₹ Million)



Map not to scale. Only for representation purpose



**New products driving growth**

# We are taking strategic steps to strengthen our product portfolio and sustain long-term value-creation.

Our unrelenting pursuit for excellence and steady progress will empower us to build a sustainable business entity.

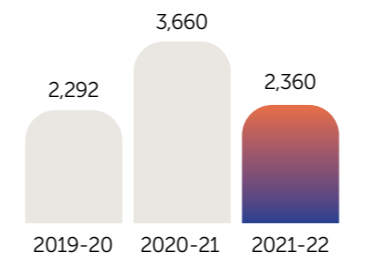


Micafungin Sodium, Ketorolac Tromethamine, Heparin Sodium, Ziprasidone, and Dexmedetomidine are some of the key products driving our growth in our core markets. During the year under review, we also successfully launched Caspofungin Acetate and Enoxaparin Sodium (Multi-Dose Cartridge with Pen Device) in the domestic market.

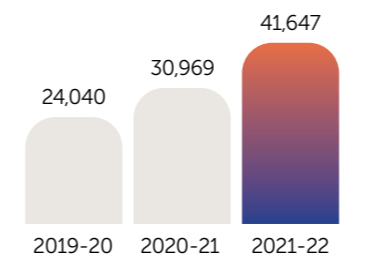
Along with other products such as Heparin Sodium, Rocuronium Bromide, and Dexmedetomidine, Enoxaparin Sodium was a key contributor to growth during the year. We also registered our products Dexmedetomidine, Ertapenem and Tigecycline in new geographies.

**Product Revenue Contribution**

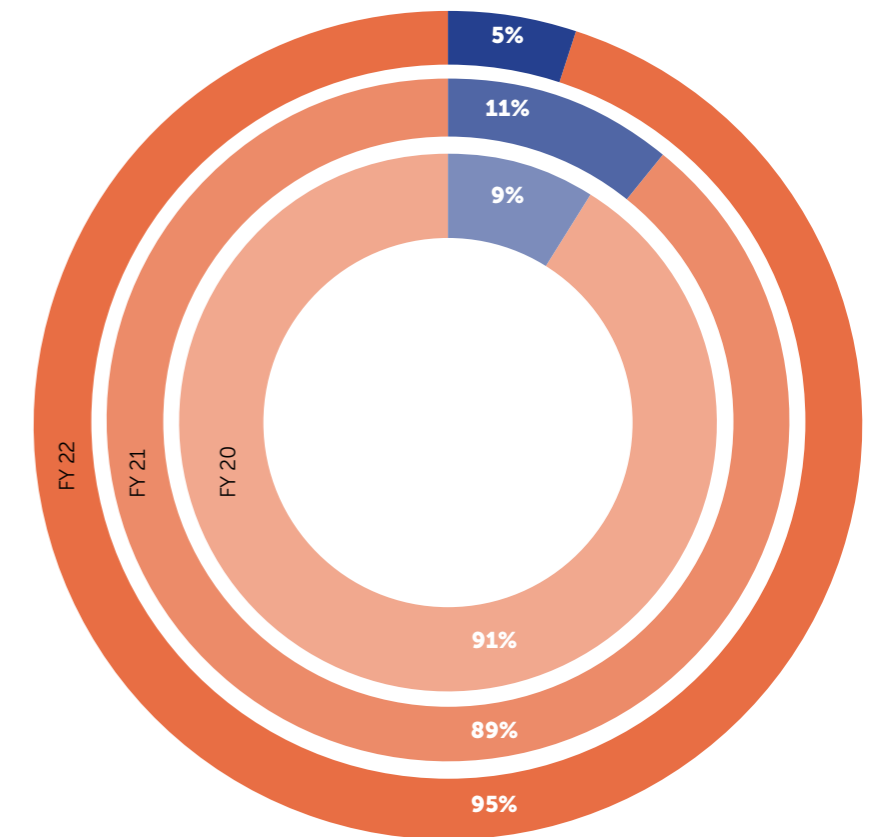
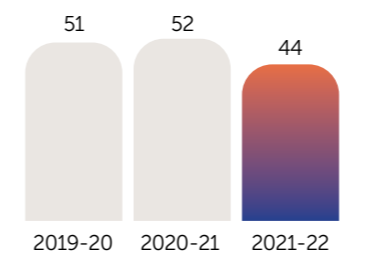
**Revenue contribution from new launches**  
(₹ Million)



**Revenue contribution from existing products**  
(₹ Million)



**Number of new products launched**

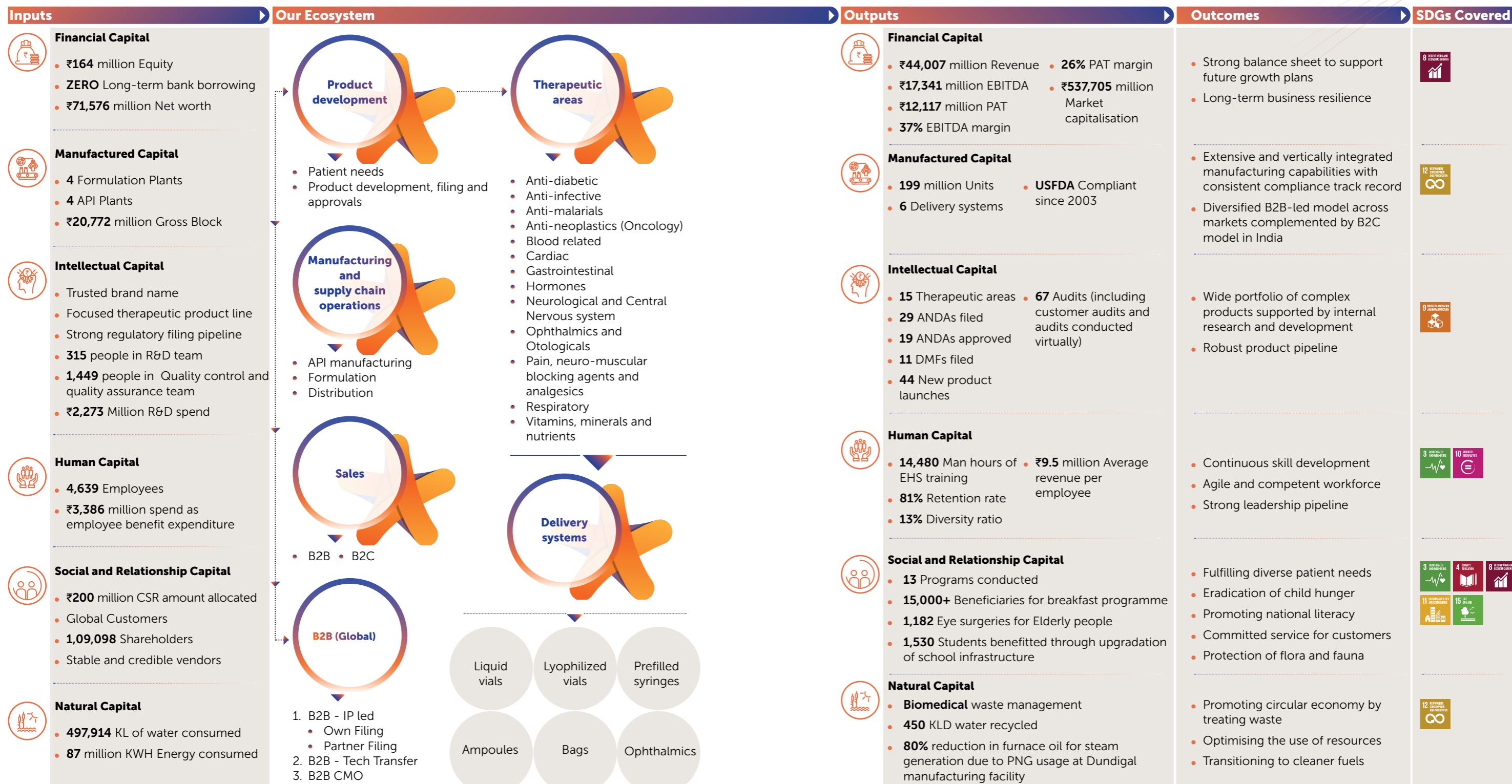


● Revenue contribution from new launches    ● Revenue contribution from existing products

# Business Model

## A quality-first approach to craft exceptional value

Our business model helps us prosper in a fast-changing world and maximise value creation across the entire value chain


















## Stakeholder Engagement

# Fostering stronger bonds of trust and reliability

Stakeholders play a key role in our growth and sustainability as a responsible business. We have prioritised our efforts as a responsible business to build mutual trust and stronger relationships with each of our stakeholders so that we can provide them with continuous and incremental value. We have developed a strategy for engagement that enables us to effectively disseminate relevant information to each stakeholder group in a consistent and timely manner.

| Stakeholders  | Stakeholder Importance  | Stakeholder Expectations  | Engagement Mechanisms  | Capital Linkages  |   |
|---|---|---|--|---|---|
| Regulatory Bodies and Government                            | They enforce policies that have direct or indirect impact on long-term operation.   | <ul style="list-style-type: none"> <li>• Generation of employment</li> <li>• Compliance with industry regulations and norms</li> <li>• Proper disclosure of business activities</li> <li>• Adherence to environmental laws</li> <li>• Timely payment of taxes and levies</li> </ul> | <ul style="list-style-type: none"> <li>• Annual and Quarterly Compliance reports</li> <li>• Financial and statutory audits at regular intervals</li> <li>• Website and newsletters</li> </ul>                      | Relationship Capital<br>Financial Capital   |     |
| B2B (Pharma companies, Marketing partners)                  | Our B2B business model allows us to leverage our relationship with customers to efficiently reach end-users                         | <ul style="list-style-type: none"> <li>• On time supply of quality products</li> <li>• Adherence to regulatory requirements</li> <li>• New and innovative solutions</li> <li>• Competitive pricing</li> </ul>   | <ul style="list-style-type: none"> <li>• Regular visits and meetings</li> <li>• Customer satisfaction surveys</li> </ul>   | Intellectual Capital<br>Relationship Capital  |     |
| B2C (Hospitals, Distributors & Government facilities)       | We operate a B2C business model in India for effective accessibility, distribution and supply of medicines, as per patient's needs. | <ul style="list-style-type: none"> <li>• Quality service</li> <li>• On time delivery</li> <li>• Ethical and factual information dissemination</li> </ul>  | <ul style="list-style-type: none"> <li>• Regular visits and meetings</li> <li>• Customer satisfaction surveys</li> <li>• Competitive pricing</li> <li>• Toll free number</li> </ul>                                | Intellectual Capital<br>Relationship Capital  |     |
| Business Partners (C&F Agents, Vendors, Suppliers, Bankers) | We rely on our business partners for branding, reputation, ensuring effective delivery of products and operational leverage.        | <ul style="list-style-type: none"> <li>• Fair trade practices</li> <li>• Timely payments</li> <li>• Mutually beneficial relationships</li> <li>• Technology sharing</li> </ul>  | <ul style="list-style-type: none"> <li>• Regular structured meetings</li> <li>• Supplier audits and visits</li> </ul>  | Financial Capital,<br>Relationship Capital<br>Natural Capital<br>Manufactured Capital |     |
| Investors and Promoters (Domestic and International)        | Our shareholders remain integral to our business.   | <ul style="list-style-type: none"> <li>• Strong balance sheet</li> <li>• Effective risk management</li> <li>• Growth in Return on Investment</li> <li>• Timely dissemination of information</li> <li>• Consistent dividend payouts</li> </ul>                                       | <ul style="list-style-type: none"> <li>• Annual reports</li> <li>• Online updates</li> <li>• Investor meetings</li> <li>• Press conferences</li> <li>• Annual general meetings</li> <li>• Analyst meets</li> </ul> | Financial Capital   |    |
| Employees (Permanent and Contractual)                       | Our people bring advanced skills and knowledge to help achieve growth plans and strategies.   | <ul style="list-style-type: none"> <li>• Timely payment of remuneration</li> <li>• Performance evaluation</li> <li>• Diverse, safe and healthy environment</li> <li>• Rewards and recognition</li> <li>• Job satisfaction</li> </ul>  | <ul style="list-style-type: none"> <li>• Internal talent review</li> <li>• Regular updates through internal communication and email</li> <li>• Ongoing training and development programmes</li> </ul>              | Human Capital   |    |
| Communities   | Our CSR initiatives act as an impetus for creating value for communities at large.  | <ul style="list-style-type: none"> <li>• Ethical and environment friendly practices</li> <li>• Uplifting local communities</li> <li>• Generating employment opportunities</li> </ul>  | <ul style="list-style-type: none"> <li>• Regular interaction through CSR programmes</li> <li>• Partnership with NGOs to provide support</li> <li>• Other initiatives to reduce environmental footprint</li> </ul>  | Social & Relationship Capital   |    |

Our prudent deployment and utilisation of capitals help us reduce operating risks, enhance efficiencies, build manufacturing scale and product pipeline, strengthen brand reputation and above all grow our global market share.





## Financial Capital

# Quality First is fiscal discipline and prudence

At Gland Pharma, we are committed to creating long-term value for all of our stakeholders. We continue to secure cost-effective resources needed to strengthen and scale our business and generate risk-adjusted, long-term returns for our investors.

Our capital allocation principles are based on a balanced risk-reward approach, with a focus on strengthening our research and development capabilities. Over the years, we have developed a proven track record of growth and profitability from a diversified revenue base.

### Prudent approach to creating enduring value

We demonstrated business resilience, despite operational challenges during the year under review, while maintaining a strong balance sheet to support future growth plans with a focus on capital efficiency and healthy return ratios.

Over the years, we have deleveraged our balance sheet through prudent management of

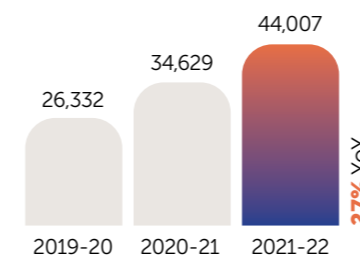
our operations and working capital, investment in core assets and cost optimisation.

### Future strategy

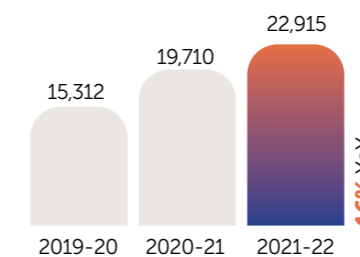
We will continue to channelise our resources towards expanding our best-in-class product portfolio, improving our manufacturing infrastructure, while pushing the bar to enhance performances across operational verticals.

### Profit and Loss Metrics

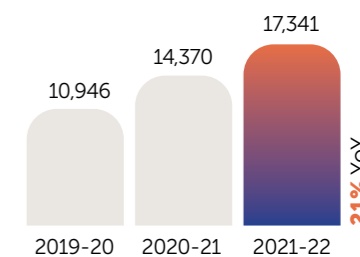
#### Income from operations (₹ Million)



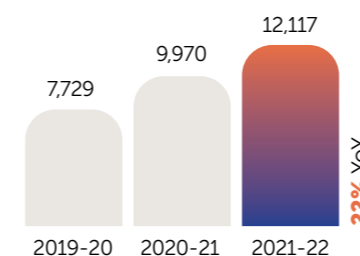
#### Gross Profit (₹ Million)



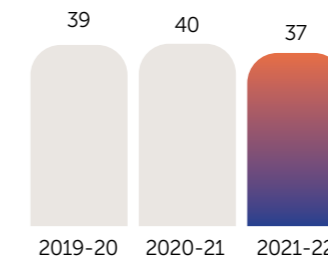
#### EBITDA (₹ Million)



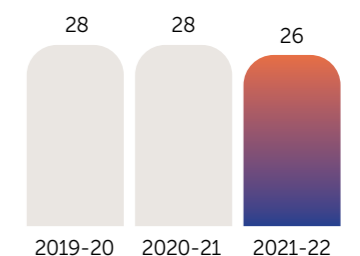
#### PAT (₹ Million)



#### EBITDA Margin (%)

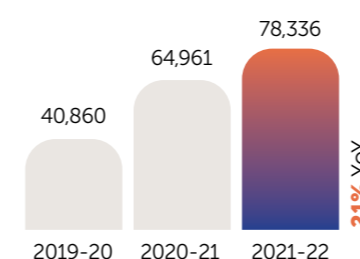


#### PAT Margin (%)

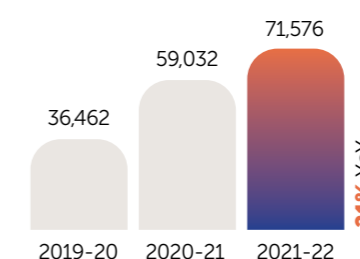


### Balance Sheet Metrics

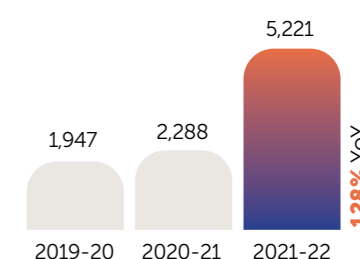
#### Total Assets (₹ Million)



#### Net Worth (₹ Million)



#### Capital Expenditure (₹ Million)



## Manufactured Capital

# Quality First is manufacturing excellence

Our manufacturing capabilities are sufficiently equipped to meet diverse injectable needs of patients across a wide range of specific requirements. This is the result of our proven track record in manufacturing complex injectables. We are also expanding our manufacturing capabilities for complex injectables such as peptides, long-acting injectables, suspensions, and hormonal products.

### Operational efficiencies

We have extensive and vertically integrated injectables manufacturing capabilities that offer us greater control over manufacturing processes while simultaneously enabling us to increase capacity utilisation and drive profitability. We maintain cost competitiveness by effectively managing production costs by qualifying additional manufacturing lines and increasing batch sizes.

### Consistent regulatory compliance track record

We have vertically integrated manufacturing capabilities and a proven track record of compliance. The USFDA has certified all of our manufacturing facilities as GMP compliant, and we have a high level of regulatory enforcement of cGMP standards. Since the inception of each facility, we have received no adverse observations from USFDA, and we intend to build on our reputation as a complex injectables manufacturer with an exceptional compliance record.

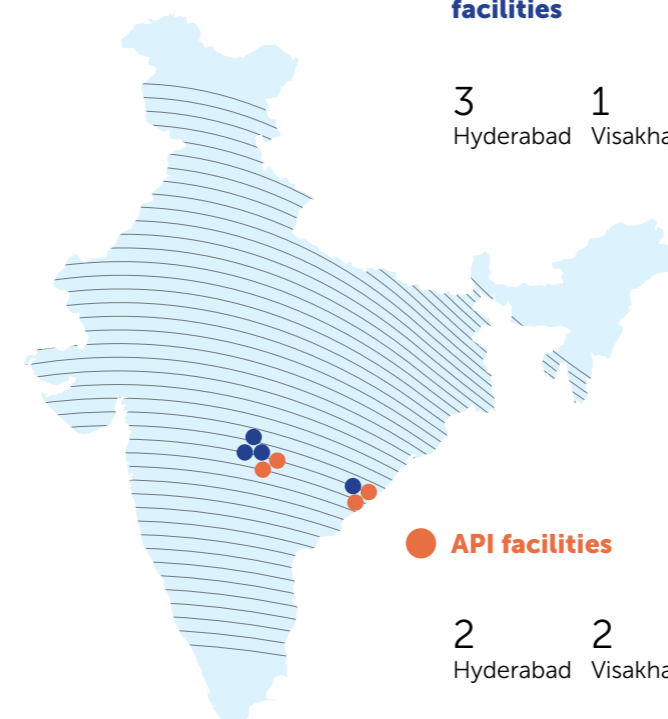


### Finished formulation facilities

3 Hyderabad 1 Visakhapatnam

### API facilities

2 Hyderabad 2 Visakhapatnam



Map not to scale. Only for representation purpose

### Core Strengths

- State-of-the-art Facilities
- Strong Quality Assurance & Quality Control
- Economies of Scale
- Vertically Integrated
- Compliance Track Record
- Diversified Product Portfolio



# Manufactured Capital (contd.)

We have a proven track record of operating a B2B model with major corporations, as well as a B2C model in our home market of India, leveraging our brand strength and sales network.

|                | B2B (Global)   |   |   | B2C (India)                  |
|----------------|--|---|---|------------------------------|
|                | B2B – IP Led   |   | B2B Tech Transfer                                   | B2B CMO                      |
|                | Own Filing   | Partner Filing  |   |                              |
| Overview       | <ul style="list-style-type: none"> <li>Out-licence to Marketing partners</li> <li>Long term product supply contracts</li> </ul>      | Co-development with Partner Manufacturing by Gland      | Fill and finish service Loan and licence agreements | Direct marketing of products |
| Revenue Model  | <ul style="list-style-type: none"> <li>Licence and milestone payments</li> <li>Selling price per unit dose + Profit Share</li> </ul> | Tech transfer fee Selling price per unit dose + Royalty | Fixed per unit price                                | Direct sale of products      |
| ANDA Ownership | ✓  | ✗   | ✗   | ✗                            |
| IP Ownership   | ✓  | Co-owned  | ✗   | ✗                            |

### Finished Formulation Facilities

Our top-of-the-line formulation manufacturing facilities produce a wide range of injectables using aseptic filling or terminal sterilisation as needed. Our manufacturing processes are designed to provide maximum production flexibility, while maintaining the highest quality standards. Our facilities can seamlessly switch product

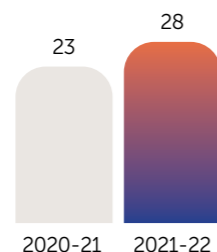
lines to meet changing product specifications as well as market demand and supply dynamics.

### Expanding our manufacturing capabilities

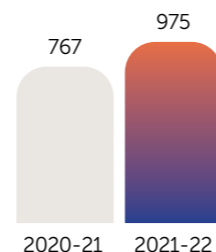
We have undergone the expansion of our manufacturing infrastructure and these additional capacities will help us provide flexibility to our production planning teams.

At our sterile injectable facility in Pashamylaram, Hyderabad, we successfully installed four new lines leading to an increase in capacity by more than 200 million units. Our new production lines will aid in the development of our complex injectables pipeline, which includes suspensions, hormones, and emulsion-based products.

### Production Lines



### Finished Formulation capacity (Million Units)



| Location                       | Facility            | Formulation Delivery Formats  | Normalised Capacity (in million Units/ annum) | Key Regulatory Approval  |
|--------------------------------|---------------------|---|---|--|
| Dundigal, Hyderabad, India     | Sterile Injectables | Liquid vials<br>Lyophilized Vials<br>Ampoules<br>Pre-filled Syringes<br>Bags<br>Ophthalmics | ~450  | USFDA (US), MHRA (UK), ANVISA (Brazil), TGA (Australia), BGV Hamburg (Germany) |
| Pashamylaram, Hyderabad, India | Sterile Injectables | Liquid Vials<br>Lyophilized Vials<br>Ampoules<br>Pre-filled Syringes                        | ~500  | USFDA (US), GUB Munich (Germany)   |
| Pashamylaram, Hyderabad, India | Penems              | Lyophilized Vials<br>Dry powder   | ~10   | USFDA (US)   |
| Visakhapatnam, India           | Oncology            | Liquid vials<br>Lyophilized Vials   | ~15   | USFDA (US), AGES (Austria), TGA (Australia)                                    |

### API Facilities

Our vertically integrated business model drives us to manufacture active pharmaceutical ingredients (APIs) in-house. Our API facilities provide in-house manufacturing capabilities for critical APIs, enabling us to control costs and quality, while also reducing supply chain risks.

We have successfully integrated our capabilities and capacities in order to deliver a diverse product portfolio that meets the needs of various markets by having several ANDAs that are vertically integrated, supported by our in-house APIs. We are also developing our Biotech Drug

Substance Facility for biosimilars and exploring collaboration opportunities with established biosimilar producers.

| Location                        | Facility  | Key Regulatory Approval  |
|---------------------------------|---|--|
| Dundigal, Hyderabad, India      | R&D pilot plant for development and lab scale manufacturing | USFDA (US), MHRA (UK), ANVISA (Brazil), TGA (Australia), BGV Hamburg (Germany) |
| Genome Valley, Hyderabad, India | Biotech Drug Substance facility for vaccine and Biosimilars |  |
| Duvvada, Visakhapatnam, India   | API Production Facility Capacity: 3,000 kg/year             | USFDA (US), ANVISA (Brazil)  |
| JNPC, Visakhapatnam, India      | API Production Facility Capacity: 8,000 kg/year             | USFDA (US), DMA (Denmark)  |

# Manufactured Capital (contd.)

## Quality Excellence

Quality is the cornerstone of our sustainable growth. Quality standards are checked at every stage of production, from manufacturing to packaging and driving excellence and effectiveness. Our adherence to the cGMP regulations assures the identity, strength and quality of drugs by ensuring adequate control over our manufacturing operations. Meanwhile, we have established a three-pronged quality standard plan at our manufacturing facilities to assure and control quality.

### Quality Excellence



#### Quality Improvement

At all our manufacturing locations, we have installed laboratory information management system software for quality control. While ensuring information transparency, this system supports ease of use and scale without requiring resource-intensive revalidation.

We track key quality performance indicators across our organisation and respond to market complaints, out-of-specification results, deviations, and batch rejections. We are also constantly working to improve our quality standards by establishing site-specific quality teams that are empowered by practical training, collaboration tools, and clear communication channels.

**31.24%**

of the workforce in Quality Control and Quality Assurance

#### Corporate Quality Establishment

To identify and develop our standard operating procedures, we have a corporate reporting structure with defined roles and responsibilities. We always put quality first in our decisions by strengthening procedures and documentation. We also report on regulatory findings during inspections and implement action plans accordingly. By providing training in quality tools, reflecting on setbacks, and working cross-functionally to solve problems, we enhance our organisational procedures.

**1,499**

Full time employees in Quality Control and Quality Assurance

#### Internal Quality Audits

In addition to the regular customer audits and regulatory agency audits, we conduct quarterly internal audits across all our manufacturing facilities. These quality audits are used to determine whether or not the quality system elements are conforming to the specified requirements. Throughout our facilities, we also work under the supervision and guidance of external consultants. These audits are critical for finding and addressing inefficiencies as well as identifying improvement areas.

**40+**

Audits on an average per year, including customer audit and regulatory agency audit

## Supply Chain Efficiencies

We advocate effective supply chain management, with a focus on lowering supply chain costs by maintaining optimal inventory levels and placing adequate orders. In addition, we also ensure timely filing of applications for alternate APIs and components. Alongside, we implement efficient configuration and adaptability to establish best business practices and overcome obstacles in a constantly changing environment.

Our supply chain efficiencies are backed by our API production capacity, which ensures a secure supply of critical production inputs for our key products.

We focus on lifecycle management of products across manufacturing and supply chain processes to retain a competitive edge over others. On an ongoing basis, we focus on management of production costs through process improvements, ensuring the qualification of additional manufacturing lines/sites, selection of alternate vendors and maintaining optimal commercial batch sizes.





## Intellectual Capital

# Quality First is building core capabilities and a robust compliance framework

At Gland Pharma, our brand reputation is driven by our core knowledge and expertise, which we have honed for decades. With new healthcare challenges, we are consistently upgrading our R&D capabilities to launch new products with excellent efficacy.

Powered by our intellectual assets and a strong R&D team, we are pursuing innovation in the form of medicines, new molecule research and API development. Our new R&D centre is expected to keep us attuned to the constant changes in the pharmaceutical industry. In addition, we are continuously adopting advanced technologies and developing cost-effective analytical methods that lend us a competitive edge. We are constantly striving to add efficiency to our manufacturing processes, through the introduction of Lyo parameters and increased hold times to successfully meet dynamic customer needs.



### Our own ANDAs

# 139

Filed

# 100

Approved

# 39

Awaiting approval

### Partner's ANDAs

# 172

Filed

# 152

Approved

# 20

Awaiting approval

### Total ANDAs

# 311

Filed

# 252

Approved

# 59

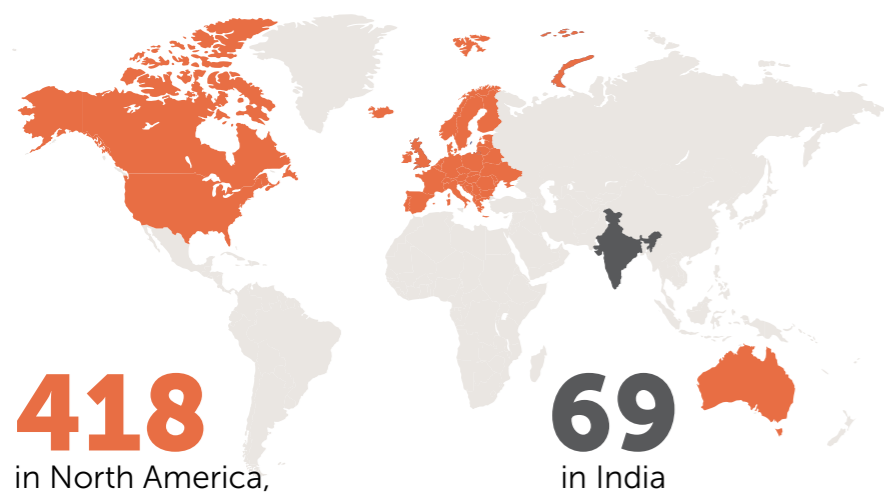
Awaiting approval

## Intellectual Capital (contd.)

| Filings         | Cumulative till FY 2018-19 | In FY 2019-20 | In FY 2020-21 | In FY 2021-22 | Cumulative till FY 2021-22 |
|-----------------|----------------------------|---------------|---------------|---------------|----------------------------|
| Own ANDAs       | 87                         | 15            | 15            | 22            | 139                        |
| Partners' ANDAs | 159                        | 1             | 5             | 7             | 172                        |
| <b>Total</b>    | <b>246</b>                 | <b>16</b>     | <b>20</b>     | <b>29</b>     | <b>311</b>                 |

### Our global product registrations as of March 31, 2022

**1,557** Global product registrations  
**1,070** in Row



**418** in North America, Europe and Australia

### Capacity Building for Research and Development

Our Research and Development enable us to introduce new formulations, device analytical methods, API processes, and conduct stability studies. We are involved in the synthesis of low molecular weight heparins, steroids, oncology drugs, and the development of complex injectables such as lyophilized products, high-potent drugs, and long-acting suspensions, all of which empower us to stay a step ahead of competition.

### Experienced Research and Development Team

PhDs, pharmacy postgraduates, and chemists constitute our research and development team, providing us with

a diverse range of experience. Our Research and Development expertise and experience have allowed us to improve our product development capabilities periodically and has ensured long-term business growth.

### State-of-the-art equipment

Synthesisers, microwave assisted reactors, liquid chromatography-mass spectrometry, and nuclear magnetic resonance spectroscopy are among the state-of-the-art equipment available in our laboratories and it significantly improves the efficiency of our manufacturing processes.

**315**

Full time R&D employees

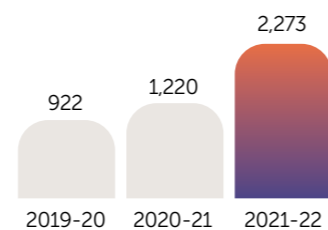
### Status as on March 31, 2022

**227** Sterile ANDAs

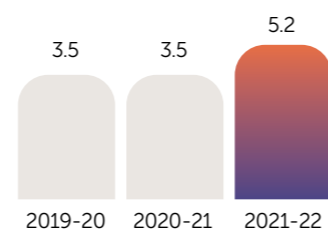
**54** Oncology  
**30** Ophthalmic

### Research and Development Expense Pattern

#### R&D Expenditure (₹ Million)



#### R&D as % of Revenue



### Dynamic and Niche Technologies

We have continued to utilise our advanced capabilities towards the development of technically challenging products such as generic injectables, characterising complex molecules, and analysing and synthesising peptides and proteins. It has also empowered us to produce bioequivalent versions of complex drugs.

### Diversified product range

Our expertise also aids in the development and production of a wide range of dosage formulations, such as solutions, suspensions, and lyophilized products, as well as products delivered via pre-filled syringes, vials, ampoules, bags, and dry powder injections. Our injectable product technologies have also allowed us to develop and produce generic injectables in liquid, lyophilized, suspension, and pre-filled syringe forms. We also have the ability to produce complex steroids like vecuronium, rocuronium, fulvestrant, and vitamin D analogues using our technologically advanced processes.

### Characterisation of complex molecules

We have developed analytical tools to help us characterise complex molecules in our products and product candidates. The development of a generic product that is identical to a reference drug necessitates the characterisation of complex molecules, which are difficult to characterise because of their small variations.

Among our accomplishments through this technology are the synthesis and characterisation of glycosaminoglycans such as heparin, low molecular weight heparins, chondroitin sulphate, hyaluronic acid, and glycosaminoglycan drug conjugates. Other complex molecules, such as protein-based products, can also be characterised utilising our technology.

### Sterile API technology

Characterisation technology and sterile API manufacturing technology are employed in the development of peptide and protein drug products. Betamethasone acetate, paliperidone palmitate, loteprednol etabonate, aripiprazole hydrate, and aripiprazole lauroxil were all developed using sterile API technology. We have also been able to develop non-infringing polymorphic APIs like Tigecycline and Bortezomib, as well as novel oncology API processes like cabazitaxel and pralatrexate with this technology.

### Capabilities for Technology Transfer

As a B2B company, we also handle technology transfer projects that allow the customer to transfer the technology to us. The processes required for successful progress from drug discovery to product development, clinical trials, and full-scale commercialisation are referred to as technology transfer.

### Strong track record of multiple CBE-30 filings and approvals

Technology transfer (TT) is necessary to improve drug quality during the research and development phase. It also ensures the manufacturing of products with similar quality standards during the final product development stage. Technical gap analysis in manufacturing and analytical methods, analytical method transfers, verification of APIs and finished products, project specific validations, execution of trial and submission batches, stability studies, preparation of dossier submission documents, and project management are all part of technology transfer.

### Expertise of Technology Transfer team

To focus specifically on our technology transfer capabilities, we have a separate manufacturing science and technology team with project leaders having immense experience in injectables

manufacturing and project management. Our technology transfer team has a thorough understanding of the technology used in site transfer projects, including manufacturing and analytical methods, as well as sourcing project-specific components.

### Developing our Intellectual Property

Our Research and Development capabilities directly support our regulatory filings around the world. Our product capabilities are complemented by our drug regulatory capabilities, which enable complex injectables to be registered across the product lifecycle and markets. We have a number of patents that cover the processes and equipment we utilise to develop our products.

**12** Patents Filed

**11** Patents Approved

### Experienced regulatory team

Our regulatory team has a large breadth of knowledge and experience about the regulatory requirements in our core markets, making our new product registrations relatively simpler. When cost-effective sources are available, the regulatory team maintains constant contact with regulators, including the USFDA, and plays an active role in achieving operational efficiencies by completing CBE-30 filings for site and line changes, as well as filings for API changes.



## Human Capital

# Quality First is nurturing an empowered talent pool

We are committed to fostering a purpose-driven, inclusive, stimulating, and rewarding work environment that provides an exceptional employee experience, while also driving business growth.

We endorse a meritocratic culture, a diverse and inclusive work environment, and a structured growth journey for our employees, while ensuring their health and well-being.



## 4,639

Total number of employees

## 32

Average age of employees

## 13.47%

Female employees

## 81%

Retention rate



### Talent Management

We recognise the importance of attracting new and diverse talent with the broader skills and capabilities needed to carry out our mission and drive transformation across our organisation. We are constantly working to improve our talent management to create a more agile, competent, and purpose-driven workforce. We aim to identify, attract and retain the right talent with appropriate experience and skills. In addition to experience and skills, we also look at a candidate's will to make a difference in the world of healthcare.

### Our hiring channels

We need a reliable long-term pipeline of specific talents to stay successful as a business, and hence

we place an emphasis on attracting and retaining the right employees. We also try to identify and hire employees with aspirations, values, and talents that are aligned to our organisational goals, values, and needs. We hire through head-hunters, recruitment consultants, job portals, employee referrals, and walk-in drives. We strive to retain talent that meets our organisational objectives and keep us competitive in a rapidly changing business landscape, thereby contributing to our success.

## 1,513

New Recruits in  
FY 2021-22

### Employee Development

The ideology of Gland Pharma is based on continuous learning and professional development. Our employees, including contractual employees, have access to a wide range of learning and development programmes designed to motivate and support them in reaching their full potential. We cultivate employee capabilities that encourage consistent results in order to create a performance-driven work culture.

### Skilling our people

We believe in empowering people by honing their skills and expertise, and we have a number of initiatives in place to assist employees in their professional development. Our training enables our employees to learn new skills, improve existing ones, perform better, increase productivity, and lead more effectively.



Our employees receive ongoing training to help them develop new skills and competencies. We have specially curated programmes to focus on being dynamic in our business processes and implementing changes to remain competitive.

# 310,513

Total person-hours of training

#### Rewards and Recognition

We believe that recognising and acknowledging employees' efforts is critical for professional success. We intend to increase productivity by recognising desired behaviour and rewarding employees for their contributions.

Our Rewards and Recognition process has a three-pronged objective:

- To recognise and reward exemplary individual work, both on occasion and on a consistent basis.
- To spread the culture of performance by showcasing and broadcasting achievers across the length and breadth of Gland Pharma.
- To facilitate attraction and retention of talent.

We aimed to maximise the potential of every employee in the year under review by creating a purpose-driven, inclusive, stimulating, and rewarding work environment, delivering an exceptional employee experience, and fueling business growth.

#### Leadership Development

To ensure current and future leadership competency, we focus on building an internal talent pipeline and nurturing the right candidates. We develop our leaders through various stages, focusing on various business processes and practices

that encourage our employees to pursue long-term careers with us.

#### Ownership & Openness

Our leadership development program, was designed to prepare Gland executives for the pace of industry change and talent management.

By putting an emphasis on personal reflections and fostering an understanding of how people function in organisations, this program provided insight into the theories and practical applications of leadership and openness & ownership. The program is known for its participative pedagogy, which includes numerous reflections and assessments of one's leadership style, attitude on life, and organisation. This creates opportunities to pinpoint particular areas that need to be improved for career and role success.

# 86%

Leaders Identified for Ownership and Openness program

#### Bull's Eye Habit - Next Generation Strategies for Success

A very strong strategic focus is necessary to continually enable deliveries and better strike rates in challenging times. The challenge is to orient the mindset from doing the things right to doing the right things.

Our 8-week immersive training, "Bull's Eye Habit- Next Generation Strategies for Success," was intended to guide Senior Managers in developing the strategic management abilities necessary for managing enterprises and organisations in a highly competitive and uncertain environment.

#### Ensuring talent mobility

Our succession planning process is crucial to our employee development process. We evaluate

and identify potential future leaders as successors to our key management personnel. Our effective succession planning process enables us to recruit for positions in a timely and effective manner. We also provide a talent mobility policy across functions and encourage our employees to participate in different career development activities.

# 52%

of our Executive Management Team is home-grown

#### Employee Engagement

We believe that engaged employees care more about their work and performance and believe that their efforts make a difference. With our employee engagement initiatives we want our employees to feel motivated to contribute to organisational success, with an enhanced sense of their own well-being. To focus on the full employee lifecycle, we offer a variety of employee engagement initiatives to improve morale and ensure intellectual development.

#### Communicating with our employees

To engage employees in our business strategy, we use a variety of global leadership communication channels. To encourage open channels of communication and dialogue, we promote regular interactions within the organisation. At Gland Pharma, dialogue circles on developing a performance culture are held on a regular basis with several assessors over multiple sessions.

#### Celebrating with our employees

To foster a sense of belonging, we celebrate birthdays, work anniversaries, and festivals with our employees and their families. We also host special events, such as Women's Day and World Health Day.

#### Work, Joy & Coffee!

Last year Gland launched a programme "Coffee with CEO" where a group of employees were felicitated over a coffee & conversation with our MD & CEO, Mr. Srinivas Sadu. This intervention has reiterated the fact that open communication and being approachable is necessary for fostering an accommodating environment at work. The lifecycle of employee engagement is significantly impacted by energising the team with the aura of leadership.

Today, it is crucial for CEOs to constantly communicate and build rapport with the employees. This approach has made it easier to maintain cordial, amicable communication within the company.

#### Employee Safety and Well Being

The strength of our organisational safety culture is indicated by the extent to which our attitude, behaviour, and policies are aligned to prioritise safety over competing goals. Gland employees, contractors, visitors, and the environment are all protected from work-related incidents and exposure to harmful circumstances by policies dedicated to maintaining standard operating procedures.

Our organisation's integrated safety culture aims to achieve a high level of safety through shared conviction. As a result, we have formed a safety committee with more than 50% participation from the workforce.

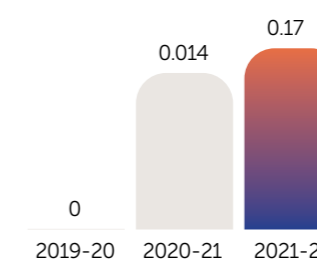
#### Our Healthcare facilities

Our health centre is equipped with the necessary equipment, professionals, doctor, and paramedic staff to provide round-the-clock medical assistance. We also conduct continuous industrial hygiene monitoring and maintain personal hygiene facilities on a regular basis.

#### Monitoring our safety performance

We place high value on reporting failures, accidents, and incidents in order to foster a responsible learning culture. At our Occupational Health Centre, we keep track of health issues on a monthly basis, as well as the frequency and severity of incidents. All near-misses and accidents are thoroughly investigated, and the appropriate departments take corrective action.

#### Lost time Injury Frequency Rate



#### Safety Audits

On a regular basis, employee safety audits and management review meetings are held to identify and implement any necessary interventions aimed at identifying potentially unsafe behaviour and using collected information to shape positive professional behaviour patterns in the workplace. We are able to identify periodic plant-level risks and take a number of preventive measures to reduce the risk of accidents at our facilities owing to consistent monitoring and assessments.

#### Our safety programmes

Several initiatives have been implemented to protect the health and safety of our employees, contractors, customers, and others. We continued to protect our employees' health by implementing specially designed wellness programmes across all of our offices. We conducted a variety of internal and external training programmes, including shop floor, induction, and refresher classroom training.

#### Implementing periodic inspections

We also held emergency mock drills at various manufacturing facilities on a regular basis. We also inspect and demonstrate emergency equipment such as fire extinguishers, fire hydrant systems, fire alarm detection systems, eye and body wash showers, respiratory protective systems, and the periodic calibration of portable and fixed gas detection systems and spill control kits on a regular basis.

# 14,480

Man-hours of EHS training

# 17.28

Million man-hours of injury-free operations

# Zero

Transport and operational facility incidents

# ISO 45001:2018

Certified



## Social Capital

# Quality First is helping improve the life of the community

We work closely with our communities to improve their quality of life and empower them in an all-encompassing manner in our operational areas. We are deeply anchored in our belief that sustainability is inextricably linked to our ability to deliver long-term value and growth to all our stakeholders.

## Education



### Free Breakfast Scheme

We empower children in our communities by encouraging them to pursue holistic education. We have teamed up with the Akshaya Patra Foundation to offer a 'Free Breakfast Scheme' for children attending government-run schools in the vicinity of our manufacturing plants in Hyderabad and Visakhapatnam.

Throughout the year, we continued to provide free breakfast to students in government schools in Hyderabad and Visakhapatnam as well as pregnant women, lactating mothers, and preschoolers in Anganwadi centres in Hyderabad. We helped Akshaya Patra Foundation financially so that they could prepare and distribute these wholesome meals from their community kitchens. In November 2021, we funded a unique, completely automated idli-making equipment for one of their community kitchens in an effort to provide a variety of meals to the children.



# 500

Pregnant women and Lactating mothers and pre-school children impacted in FY 2021-22

# 928,175

Breakfast meals served (from Dec' 2021 to Mar'22)

### Education Infrastructure

Furthermore, we are assisting in the construction of infrastructure for government schools, including additional classrooms, kitchens, dining halls, toilets, and other facilities that allow trained teachers to improve the quality of education for underprivileged students.

We undertook comprehensive renovation / repair work at several government schools during the year:

- **Mandal Parishad Upper Primary School (MPUPS), Dommarapochampally:** Repairs / extension of the school's

main building (with additional classrooms, staff room, laboratory), toilet block for staff / children, canteen block (dining hall-cum-kitchen-cum-store), and a special stage for school assemblies / meetings.

- **Mandal Parishad Primary School (MPPS), Narsapur:** Complete renovation, additional classrooms, dining hall, kitchen-cum-store, staff room, toilets, overhead water tank and compound wall.
- **Mandal Parishad Upper Primary School (MPUPS), Pashamylaram:** Additional classrooms / computer lab / training room on additional second floor. Additional works envisaged include compound wall, dining hall-cum-kitchen-cum-store, separate toilet block, and a special stage for school assemblies / meetings.
- **Zilla Parishad High School (ZPHS), Mallampet:** Re-painting / repairs, additional classrooms, dining hall-cum-kitchen-cum-store. Additional works envisaged include special stage for school assemblies / meetings, an overhead cover on the open ground, toilet block, and a pathway connecting all the facilities.

# 14,500

Students impacted in FY 2021-22

# 76

Schools Benefitted

# 10

Anganwadi Centres Benefitted



- **Mandal Parishad Primary School (MPPS), Saregudem:** Re-painting / repairs, toilet blocks for staff / students, kitchen store, and a new compound wall with gate. A nearby Anganwadi Centre was also provided with toilet facilities.

- St. Paul's High School and Orphanage, Nadergul: Painting / plumbing / sanitary fittings / repairs, including re-flooring and tile-laying in classrooms and toilets.

**₹48.4 Million**

Spent on infrastructure for schools in FY 2021-22 (including the ongoing projects for previous year and reporting year)

**Sponsorship of Teachers / Support Staff**

We strive to provide high quality education to children by sponsoring teachers and non-teaching staff (helpers, security guards, and scavengers) in a number of government schools that have a shortage of staff.

**₹3.9 Million**

Spent on sponsorship of teachers and support staff

**54**

Teachers and support staff sponsored

**Health**



**Aiding the visually challenged**

Our Gland Fosun Foundation had signed a Memorandum of Understanding (MoU) with the prestigious LVPEI to establish a dedicated 'Centre for Elderly Eye Care' in Hyderabad. The Centre provides low-income people with diagnostic and treatment services.

It will also provide surgical services to at least 3,500 people over the next few years, as well as provide house-to-house screening services for 5,000 senior citizens.



**₹21.7 Million**

Spent for eye surgeries and equipment for elderly eye care

**1,182**

People benefitted from eye surgeries

**Preventive Healthcare and Covid-19 relief**

Under the Andhra Pradesh Government's 'Connect to Andhra' Project, we distributed PPE kits, N95 masks, 3-ply masks, face-shields,

sanitizer bottles, non-invasive thermometers, pulse-oximeters in several districts of the state as well as to Government Primary Health Centres in Sangareddy and Medchal-Malkajgiri districts of Telangana. We also provided ventilators to numerous government and non-profit hospitals in Telangana's Narayanpet, Karimnagar, Bodhan, Jangaon, Warangal, Mulugu, Nirmal, Kothagudem, and Sircilla districts, as well as Osmania General Hospital, Quarantine Hospital, and NIMS Hospital in Hyderabad, during the deadly second wave of the Covid-19 pandemic. Additionally, we supplied the Osmania General Hospital and Niloufer Hospital for Women and Children in Hyderabad with much-needed multi-channel monitors, ultrasound, HDF, EMG, and ECG machines, as well as pharmaceutical products and oxygen cylinders in Vizag.

In February 2022, we also donated a hearse van to the Government of Telangana, for use as a charitable service by government hospitals of the State.

**₹48.4 Million**

Spent on distribution of ventilators imported from Sweden



**150**

Ventilators distributed

**₹9.7 Million**

Spent on distribution of equipment to Government Hospitals

**₹23.6 Million**

Spent on distribution of Masks, PPE Kits, Oxygen Cylinders, etc

**0.44 Million**

3 ply masks distributed

**0.421 Million**

Pairs of Gloves distributed

**10,000**

Face-shields distributed

**690**

Thermometers distributed

**50,000**

N-95 Masks distributed

**22,000**

PPE Kits sponsored

**124 Million**

Bottles of sanitizers distributed

**1300**

Oximeters distributed

**Wildlife Conservation**



In Hyderabad's Nehru Zoological Park, we continued our support for construction of an enclosure for Kangaroos.



**₹2**

**Million**

Contributed for construction of enclosure for Kangaroos

**Public Safety**



The quality of life for locals can be improved through physical security, which can increase community safety. Through our initiatives, we not only safeguard vital infrastructure and raise the level of safety in areas of employment and recreation, but we also have a positive impact on the lives of communities.

At Gandimaisamma, a busy road intersection near one of our factories, we have expanded the road width. Along with this, the four exiting roads from the intersection were also widened and given a better surface quality. Electric poles have also been installed in medians to improve traffic safety. Additionally, wide sidewalks were built on either side of the highways for the convenience of pedestrians. These actions have significantly improved traffic flow and significantly decreased pollution caused due to congestion and related vehicle slowdowns. With fewer accidents due to these measures, we have managed to increase public safety.

**₹21.66 Million**

Spent on public safety



## Relationship Capital

# Quality First is fostering relationships of trust and interdependence

We believe value creation is the outcome of a strong ecosystem, based on trust and interdependence among all stakeholders. We are committed to maintaining positive and harmonious relationships with our stakeholders by developing enduring relationships based on trust, loyalty and social commitments.

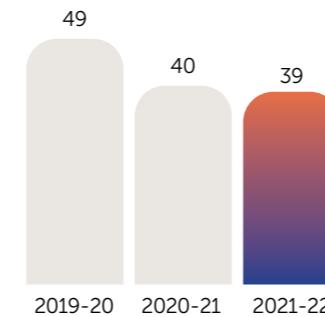


### Customers

We strive for the highest level of performance in order to continuously foster and deliver innovation to patients and other customers, transforming our organisation in flexible ways to adapt to market changes. We are dedicated to providing the highest levels of service to both B2B and B2C customers by delivering value through best-in-class products and long-term service excellence.

### Customer Diversity

#### Top 5 Customers' Contribution (%)



### Industry Engagement

Our products are endorsed by leading pharmaceutical companies, demonstrating our commitment to our capabilities. We have developed a strong relationship with them, becoming their reliable and trusted partners of choice.

### Suppliers and Business Partners

We have a long-standing relationship with our suppliers and vendors at Gland Pharma, which allows us to run our daily operations smoothly. We have mutually beneficial relationships and provide direct economic value to our suppliers and business partners through our operations. To ensure faster delivery of medication to patients around the world, we are committed to making high-quality and affordable injectables readily available to our partners. We ensure fair trade practices with all our suppliers and business partners.

**300+**  
Suppliers on-board

**56**  
Audits conducted at  
supplier site

### Government and Regulatory Bodies

We build and sustain positive relationships with governments and regulatory organisations around the world. In addition, we are constantly working to contribute to the industry's and nation's overall growth. Our ability to advance the government's social and economic development agenda through CSR initiatives in impoverished communities also aids in the strengthening of our ties. We have a proven track record of regulatory compliance and ensure that we stay up to date on new regulatory requirements.

### Investors

Our interactions with investors allow us to better understand their needs, respond to enquiries and resolve issues. We are effectively communicating with our investor community and conducting our business in an ethical and transparent manner.

**₹537,705**  
Million  
Market capitalisation as on  
March 31, 2022





## Natural Capital

# Quality First is adopting a sustainable approach to growth

We are committed to reducing our environmental footprint and promoting the sustainable use of natural resources. At every stage of our manufacturing process, we strive to improve our environmental performance scorecard.



We take a long-term approach to environment management and sustainability, while developing our strategies with all stakeholders. As a responsible business with a decade-old legacy of value creation, we adhere to environmental regulations and best practices round the year.

### ISO 14001:2015 Certified

### Bio-Medical Waste Management



We are committed to preventing the improper disposal of bio-medical waste and to remaining conscientious of our waste disposal practices. Biomedical waste presents a unique treatment and management challenge, so we strive to reduce the risk of release or exposure to employees and the public.

This involves a lot of regulations, including the Bio-Medical Waste Management Rules, 2016 (BMW Rules), Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 (Hazardous Waste Rules), and The Manufacturing, Storage, and Import of Hazardous Chemicals Rules, 1989. (MSIHC Rules). Our hazardous waste is safely disposed of by authorised agencies approved by the Telangana State Pollution Control Board (TSPCB).

### Partnering for effective waste management

We have also formed a technical partnership with GGPEIL's Treatment, Storage, and Disposal Facilities (TSDF) and the Ramky Group to ensure that e-waste and other waste generated by our manufacturing processes are properly disposed of. We ensure that expired chemicals, STP sludge, spent solvents, and solid batches of drugs that fail our stringent quality check are sent to the TSDF for incineration.

Additionally, other batches that fail our stringent tests are crushed in our glass crushing machines, and the liquid effluent generated is pre-treated before being sent to the Common Effluent Treatment Plant (CETP). Crushed glass and packing waste from our operations are also recycled.

### Water Management



We are dedicated to long-term water stewardship, minimising water stress, and going above and beyond legal requirements. We are committed to reducing water consumption and have implemented multiple checks and balances to ensure the same. The reduction of water consumption per unit of output is our top priority. We monitor our water consumption, implement water-efficient processes in our manufacturing operations, and strive to increase the percentage of water we reuse to achieve this goal.

### Reducing water consumption

To treat and recycle waste water, we screen and upgrade our effluent and sewage treatment plants at our manufacturing facilities on a regular basis. Our raw water underground storage tank has undergone process improvements, allowing us to reduce water consumption. Our efforts to make improvements to the water quality sampling process has aided us in reducing water usage even more.

We have fitted float valves to prevent water overflow as well as auto sensors for taps to reduce water use. We also use timers for domestic water pumps to avoid unnecessary water usage. We recycle the waste water generated from operations for our cooling towers. We are also contributing towards a circular economy when our boiler stream condensate water is used as boiler feed water.

# 450 KLD

Water recycled

### Emissions Management

Our objective is to reduce pollutant emission into the atmosphere. To accomplish this objective, we strive to reduce the use of fossil fuels and maximise the use of low-carbon energy sources in our operations, thereby reducing greenhouse gas and other pollutant emissions. We operate within the statutory limits for emission and monitor our air quality closely while taking significant steps to reduce emissions from our manufacturing facilities. We are also utilising electric vehicles for internal material transportation within the sites.

### Transitioning to cleaner fuels

To reduce our stack and CO<sub>2</sub> emissions, we utilise boiler fuel with piped natural gas (PNG) instead of furnace oil. The transition to PNG is completed at our Dundigal and Pashamylaram manufacturing facility, and the same is planned at our JNPC API facility.

# 80%

Reduction in furnace oil for steam generation due to PNG usage at Dundigal manufacturing facility



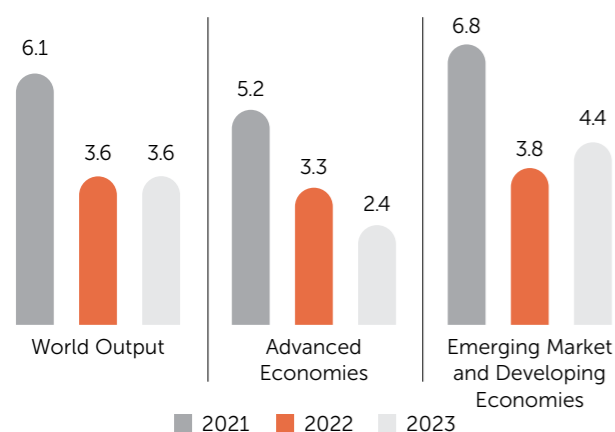
# Management Discussion and Analysis

## Global economy review

Despite the second wave in CY2021, there has been visible improvement in business environment compared to the complete lockdown in CY2020. According to the IMF, global economy was estimated to grow by 6.1% in CY2021.<sup>1</sup> Rapid vaccine rollouts have boosted the economic growth with businesses rebounding to normalcy, while lowering the healthcare burden. However, the global economic recovery is set to face challenges amidst emergence of Covid-19 variants, diminishing fiscal support, and continued supply chain bottlenecks. Although output and investment in advanced economies are projected to return to pre-pandemic trends in CY22, emerging market and developing economies (EMDEs) will face challenges to rebound to healthy economic growth, owing to lower vaccination rates, tighter fiscal and monetary policies, and persistent scare from the Covid-19 pandemic.

The emergence of a new virus variant is not the only risk that has crystallised in recent months. Inflation continued to rise throughout the second half of CY21, fossil fuel prices skyrocketed, and supply chain disruptions emerged with clogged ports and container shortages. These factors led to broadening price pressures prompting central banks to consider policy rates change.<sup>2</sup>

### World Economic Outlook Projections



Source - IMF World Economic Outlook - April 2022

The recent escalated tension between Ukraine-Russia has triggered a costly humanitarian crisis that demands a peaceful resolution. Economic damage from the conflict has already contributed to a significant slowdown in global growth in 2022. Higher, broader, and more persistent price pressures also leading to a tightening of monetary policy in many countries. According to the IMF, global growth is expected

to decline from 6.1% in CY21 to 3.6% in CY22 and CY23 as the unwinding of pent-up demand only partly cushions a pronounced withdrawal of fiscal policy support. However, bottlenecks and supply-demand imbalances are expected to eventually ease by 2023, resulting in inflation to come down, and restore sustained economic growth.

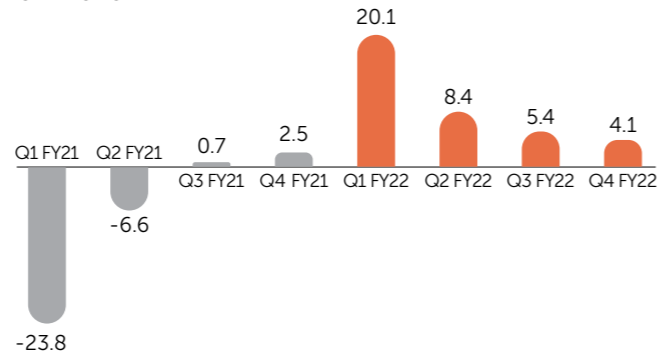
## Indian economy

A favourable business environment, strong industrial output, and rapid vaccine coverage among a larger part of population have contributed to India's steady economic growth during the current fiscal. As per advanced estimates released by National Statistical Office (NSO), the real GDP growth is expected at 8.9% for the year 2021-22. The government's increased capital spending plans and investments in infrastructure and allied sector is expected to lower the unemployment rate which reached 7.6% in March 2022.<sup>3</sup>

With inflation at multi-decadal highs in several countries, India was no exception. The country witnessing steady rise in Consumer Price Index (CPI) inflation since September 2021, reaching 7.79% in April 2022 – an 8-year high.

However, India's economic growth has charted a different course of recovery from the rest of the world. Despite challenges, the RBI's monetary policies and government initiatives such as Product Linked Incentives (PLI), the National Monetisation Plan (NMP), and PM Gati Shakti - National Master Plan, contributed to the country's economic growth. The RBI took prudent and decisive steps to accord highest priority to preserve financial stability and ease liquidity constraints. The Indian financial system remained resilient with investment activity picking up across key sectors.

### GDP review



National Statistical Office, Provisional Estimates dates 31<sup>st</sup> May 2022

India is expected to become the third largest economy by 2030 with GDP growth expected in FY 2022-23 to be between 7.2% and 6.3% in FY 2023-24. Inflation is expected to remain high, as global food prices and commodity prices are expected to dent supply-demand balances. Because of the increased vaccination coverage, the economic effect of subsequent Covid-19 waves have reduced. The focus of the Indian government and the RBI will be on balancing growth and inflation.<sup>4</sup>

### Thrust on healthcare in Union Budget 2022-23

1. Allocated ₹8,62,000 million to the Ministry of Health and Family Welfare, nearly 16.5% increase in comparison to last year
2. Giving further boost to the efforts to the Ayushman Bharat Digital Mission (ABDM), creating a more modern and inclusive Digital India, allocation for ABDM was increased to ₹2,000 million for developing the National Digital Health Ecosystem.
3. To strengthen health infrastructure at mission mode approach and improve primary, secondary and tertiary care services, allocation of ₹51,560 million outlay as part of the newly announced PM Ayushman Bharat Health Infrastructure Mission (PM-ABHIM) in October 2021.
4. Allocated ₹32,010 million to the Department of Health Research, an increase of 20% as compared to last year. As a part of this, a new allocation of ₹6,900 million is made under PM-ABHIM for ensuring biosecurity preparedness and strengthening multi-sectoral pandemic research and institutionalise the 'One Health' platform.

## Industry overview

### Global pharmaceutical market

The global pharmaceutical industry is in the midst of fundamental transformation, with most companies reorienting their strategies to recognise evolving customer behaviour. The sectors are witnessing growth due to increasing adoption of sedentary lifestyles and its related diseases. With chronic diseases on the rise, the demand for healthcare and innovative solutions is growing globally. The growing prominence of digitalisation, big data and artificial intelligence has accelerated transformation of global pharmaceutical industry, enabling companies improve drug development and patient care.

The global pharma market, estimated at US\$ 1,060 Bn in FY 2017-18, grew at a CAGR of 5.4% to reach US\$ 1,307 Bn in FY 2021-22.

### Global Pharma Market (Values in US\$ Bn, FY 2018-22)



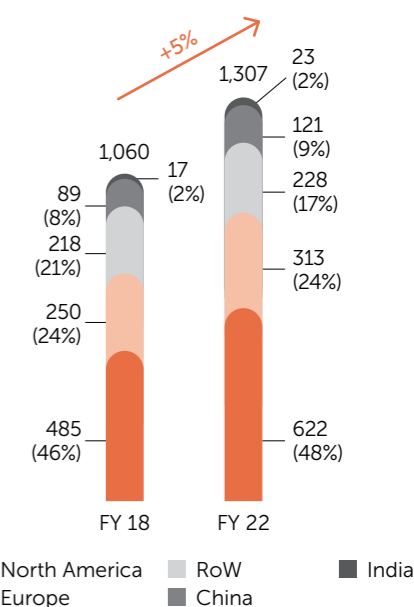
Source: IQVIA Midas Global Pharma Data MAT March 2018-22

### Geography-wise market review

The buoyancy in global pharmaceutical market continues to be driven by North America, that largely constitutes ~48% of the overall pharmaceutical market by value, growing at a CAGR of ~6.4% during FY 2018-22 period. This is followed by Europe that comprises of ~24% of the overall market, Rest of World (RoW) comprising 17% and China with 9% market share. India's share in global pharmaceutical market grew by ~7.6% CAGR during FY 2018-22 taking up 2% of the overall market share.

North America's largest share is led by increasing drug approvals, rising prevalence of ailments. It is the largest market for generics and is expected to remain so, though the growth is expected to slow down due to price erosion resulting from increased competition in the region.

### Geographic Segments: Global Pharma Market (Values in US\$ Bn, FY 2018-22)



Source: IQVIA Midas Quarterly Data MAT March 2018-22

<sup>1</sup> IMF World Economic Outlook 2022 April

<sup>2</sup> IMF (<https://www.imf.org/en/Publications/WEO/Issues/2022/01/25/world-economic-outlook-update-january-2022>)

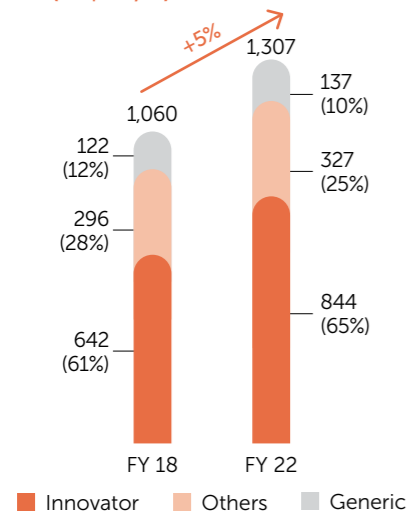
<sup>3</sup> RBI Bulletin April 2022

<sup>4</sup> RBI Bulletin April 2022

**Market by product type**

The market share by value has increased for innovator molecules over FY 2018-22. Generics have historically grown at a CAGR of 2.5% while innovators have witnessed a growth of 7.1% CAGR during FY 2018-22.

**Global Formulation Market – Innovator and Generic: Market share by Value (US\$ Bn, %)**



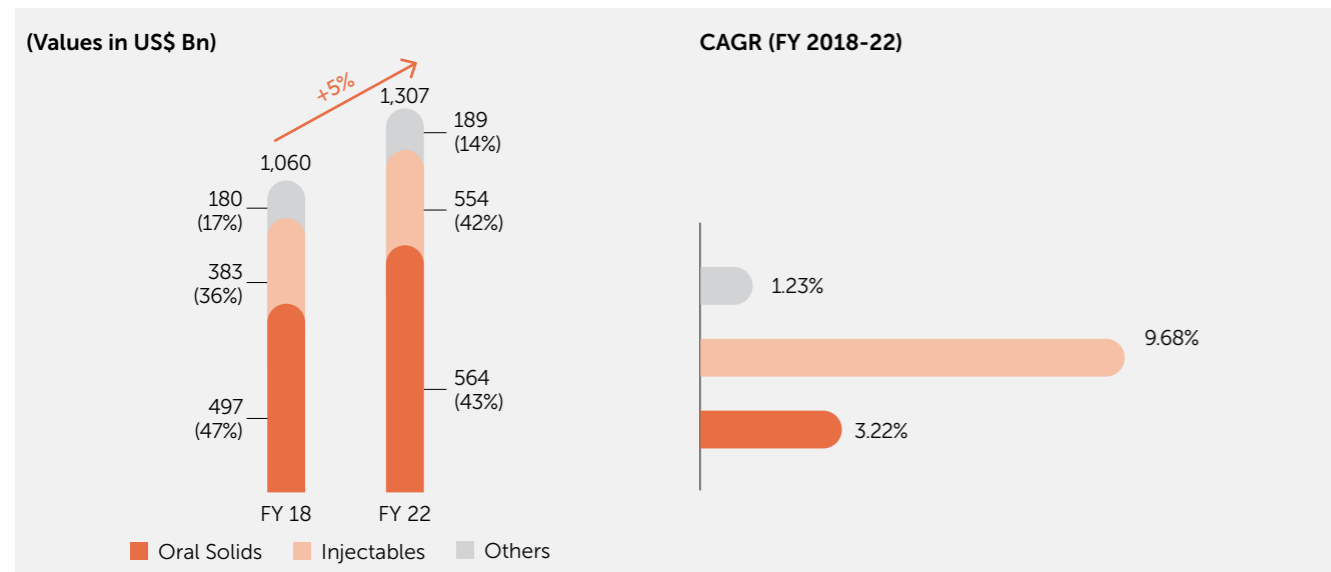
Source: IQVIA Midas Quarterly Data MAT March 2018-22

**Market by forms of administration**

In terms of method of administration, the market is made majorly of oral solids and injectables. The global Oral solid market was estimated to be US\$ 563 billion in FY 2021-22, which is also the largest form of delivery, and has grown at approximately 3% CAGR during FY 2018-22. However, the market share (by value) of oral solids has declined from 47% in FY 2017-18 to 43% in FY 2021-22. Injectables remain the second largest form of delivery form growing by 9.7% CAGR during the FY 2018-22 period.

The market share by value has increased for innovator molecules over FY 2018-22. Generics have historically grown at a CAGR of 2.5% while innovators have witnessed a growth of 7.1% CAGR during FY 2018-22.

**Global Pharmaceutical Market Form wise (Values in US\$ Bn, FY 2018-22)**



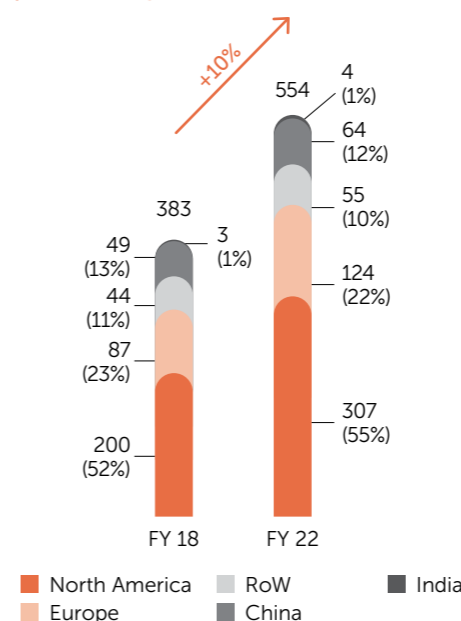
Source: IQVIA Midas Quarterly Data MAT March 2018-2022

**Global injectables market**

The global Injectables market was estimated at US\$ 554 Bn in FY 2021-22 and comprising 42% of the total market share of drug delivery form in pharmaceutical market. It grew at a CAGR of 9.7% over FY 2018-22. The growth in injectables is largely driven by growing acceptance of drug delivery form in several pharmerging countries in addition to advanced economies. While North America captures the largest market

share of 55% with a market of value of \$307 Bn in FY 2021-22, Europe stood at a market value of \$124 Bn. China's share of injectables drug delivery form stood at \$64 Bn with 12% market share, while India accounted for 1% of market share with US\$ 4 Bn market size. The remaining 10% share of the injectables market is contributed by Rest of the World ("RoW"), estimated at US\$ 55 Bn of market size.

**Global Injectable Market – Geographical Distribution (Values in US\$ Bn, FY 2018-22)**



Source: IQVIA Midas Quarterly Data MAT March 2018-2022

Injectables have numerous advantages over other traditional dosage forms, such as:

- Increased bioavailability of the drug and immediate activation of dosage
- Injectables help reduce the frequency of dose with faster delivery and simplified treatment regime.
- An enriched and easy experience for patients is driving growth of injectables as drug delivery form. Patients having difficulty in swallowing the drug, as is the case with a particular group of senior patients or patients with disability, can be treated with injectables.
- Self-injection technologies like pen injectors and auto injectors have made administration of medicine considerably more convenient for healthcare providers and patient alike.
- Injectables are the most preferred alternate form of drug delivery after oral delivery that ensures novel drug formulations in bioavailable form, for those oral drugs that have extremely low permeability to allow proper absorption from gastrointestinal system.

**The growth of injectables has been among the fastest, across all drug delivery forms primarily due to the following factors**

**Rising Prevalence of Chronic Diseases**

- Increased life expectancy accompanied by the early onset of diseases caused by "lifestyle factors" (sedentary lifestyle,

stress, poor dietary habits, etc.). invariably translates into a significantly higher prevalence of chronic diseases. This significant increase in prevalence of chronic disorders such as cancer, diabetes, and cardiovascular disorders are driving the injectables drug delivery market size.

- According to a WHO report, the global prevalence of diabetes has nearly doubled since 1980 and is expected to continue rising.<sup>5</sup> Consequently, there is an increase in the demand for injectables.
- Most chemotherapy drugs are delivered through injectables, which is one of the key growth drivers of injectables globally. The number of new cancer cases was ~18 million in 2018 which is expected to increase to over 23 million by 2030.<sup>6</sup>

**Convenience and benefits of New Drug Delivery Systems ("NDDS")**

- The development of new injectable delivery devices such as autoinjectors, pen injectors, pre-filled syringes ("PFS") has led to an increased access to self-administered medications. These NDDS offer greater convenience and safety while self-administering, as well as allow patients to reduce their hospital visits
- Advancements in NDDS technology has resulted in development of self-injectors that are also increasingly being used in areas other than diabetes, such as the treatment of orphan diseases in oncology or hormone therapy, where multiple doses are needed over time.

**New market opportunities**

- The market for injectable drugs is increasing with ailments such as rheumatoid arthritis, multiple sclerosis, cancers and auto-immune disorders where new drugs for treatment of these diseases are being given through the injectable route. Pharmaceutical companies are developing and investing heavily for the development of new complex molecules to target these diseases.

**Growth of biologics**

- Biologics are gaining immense popularity in the pharmaceutical industry, and injectables (especially prefilled syringes) are witnessing increased adoption, as the preferred drug delivery systems due to their ease of handling, less overfills and more safety to patients. In the coming years, many biologic drugs will witness loss of patent exclusivity. This is expected to result in a huge surge in their biosimilar products thereby increasing demand for the injectable drug delivery devices for these formulations.

**COVID 19**

- The ongoing pandemic has resulted in high demand for immunization and is contributing to the growth of the market for injectables.

<sup>5</sup> WHO Global Report on Diabetes

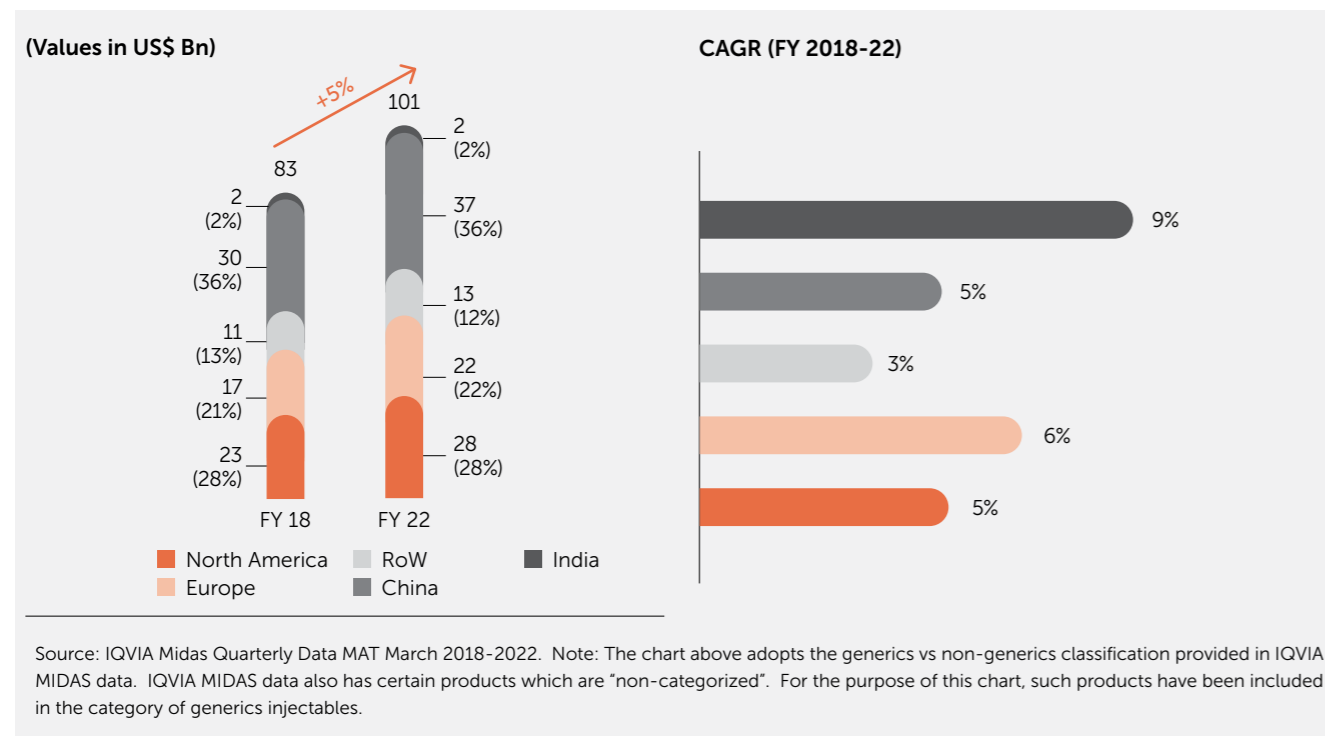
<sup>6</sup> WHO – International Agency for Research on Cancer Fact Sheet: <http://gco.iarc.fr/today/fact-sheets-cancers>



**Global Generic injectables market**

Global Generic Injectables market grew at a CAGR of approx. 5% between FY 2018-22. During this time period, the North American generics injectables market (which forms ~28% of the generic Injectable market by value) grew at a CAGR of 5%.

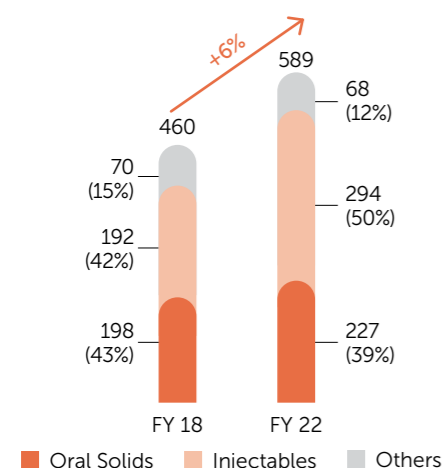
**Global Generic\* Injectable market - Geographic distribution (Values in US\$ Bn, FY 2018-22)**



**The US pharmaceutical industry – A review**

The US formulation market is estimated at US\$ 589 Bn in FY 2021-22, having grown at a CAGR of ~6% during FY 2018-22. Injectables is now the largest form of drug delivery systems in the US pharma market, accounting for ~50% of the value in FY 2021-22. The US injectable market grew the fastest among the other forms of drug delivery, growing by ~11% CAGR during FY 2018-22, comprising of \$294 bn of market size. Oral solids, now stands as the second largest delivery form in the US pharma market. Its market by value increased to \$227 Bn in FY 2021-22, having grown at 3.5% CAGR over FY 2018-22.

**US Pharma Market (Values in US\$ Bn, FY 2018-22)**



Source: IQVIA Midas Quarterly data MAT March 2018-2022

The US continues to remain a strong market for injectables for a number of reasons.

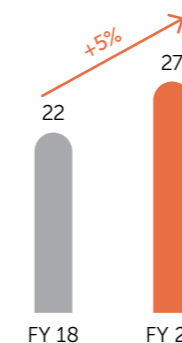
1. The rise in ageing population, (number of individuals over 65 years are expected to increase by the year 2025)
2. Prevalence of chronic diseases among a larger part of population due to lifestyle factors
3. Increasing people covered under Affordable Care Act (ACA) in the last decade, (covering more than 297 million as of 2020), will create more opportunities for modern medicines, like injectables.

**US Generic Injectable Market**

The US Generic Injectable market grew from US\$ 22 Bn in FY 2017-18 to US\$ 27 Bn in FY 2021-22, at a rate of 5%.

The US injectable market grew the fastest among the other forms of drug delivery, growing by ~11% CAGR during FY 2018-22, comprising of \$294 bn of market size.

**US Generic\* Injectable market (Values in US\$ Bn, FY 2018-22) (Values in US\$ Bn)**



Source: IQVIA Midas Quarterly data MAT March 2018-22 Note: The chart above adopts the generics vs non-generics classification provided in IQVIA MIDAS data. IQVIA MIDAS data also has certain products which are "non-categorized". For the purpose of this chart, such products have been included in the category of generics injectables.

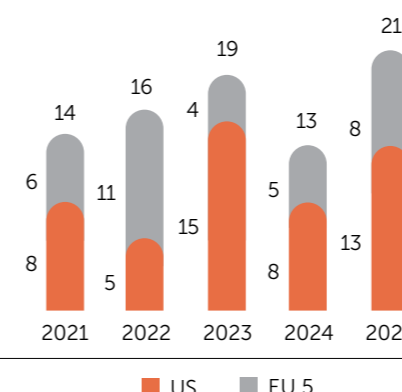
**Biologics & Biosimilars**

The global biologic medicines (including biosimilars) market, accounting for almost one-third of the global market for pharmaceuticals, was valued at US\$ 443 billion in FY 2021-22 and continues to grow at a double-digit pace of 12% 5-year CAGR. The US is the largest biologics market, with over 60% market share, followed by Europe with over 22%. The market for biologics in the US and Europe grew at a CAGR of over 11-12% in the past 5 years, to reach nearly US\$ 364 billion in size. Further, China outperformed these advanced economies by registering a staggering 21% CAGR over 5 years to reach \$18 Bn in size.

Over the next 5 years, several of these novel biologic products are expected to have loss of exclusivity (LOE), setting the stage for entry of biosimilars.

By 2025, an estimate of US\$112 billion of biologic medicines will lose exclusivity in the global market, driven by the prospect of major LOE events (such as for adalimumab) in the US. On the other hand, Europe has already had major LoE events such as adalimumab, trastuzumab, and bevacizumab. Europe presents a huge opportunity for growth from 2024 to 2029, as ~100 biologic medicines will lose exclusivity with a forecast sales value in their year of expiry, estimated at ~US\$ 40 billion.

**~70 biological drugs losing exclusivity in US and 5 key European geographies over 2022-25**



**High entry barriers**

Manufacturing of biosimilars, by extension, requires equally deep technical and manufacturing capabilities. Further, unlike small molecules, the process of approval of biosimilars entails undertaking all the phases (Phase 1, 2 and 3) of clinical trials. As a result, typical development timeline for biosimilars can be as long as 5 to 7 years as opposed to ~2-3 years for small molecule generics. High investment in manufacturing equipment, the need for attracting and retaining highly trained technical personnel, longer product development cycles and the need for undertaking clinical trials provide high barriers for smaller pharmaceuticals players to enter the biosimilars manufacturing space.

**Contract Development and Manufacturing services for biologics/biosimilars**

Contract Development and Manufacturing Organization (CDMO) organizations focusing on biologics ("Biologics CDMO") provide drug development and manufacturing services to Big Pharma and to VC backed emerging bio-tech / bio-pharma companies. Some of the key drivers for growth of Biologics CDMOs include:

- (a) strong demand environment, given that Big Pharma is increasingly looking to focus on R&D and commercialization and outsource intermittent steps and
- (b) equally strong supply-side capabilities built by Global CDMO as they become one-stop-shops for providing end-to-end services, ranging from discovery to clinical development to commercialization needs of pharma companies.

**Key business drivers**

1. **Antibiotics, vaccines and biosimilars** – There is a large growing market of injectables in antibiotics and vaccine segment. Investments are stepping up for establishing new manufacturing lines with adequate technologies, required to enter into biologic injectable manufacturing.
2. **Convenience and benefits** - The development of new injectable delivery devices such as autoinjectors, pen injectors, pre-filled syringes ("PFS") has led to an increased access to self-administered medications. These novel drug delivery forms offer greater convenience and safety while self-administering, as well as allow patients to reduce their hospital visits.
3. **Competitive advantage** – The US Market because of pricing pressures and high restrictions have not been as profitable as it was few years back. India is the world's third-largest generic drug provider, providing the Rest of the World with low-cost generics, vaccines, and cheap medications. In terms of value and volume, India is now one of the world's largest producers of low-cost pharmaceuticals. Growing market competitiveness, more regulatory scrutiny, domestic price regulations and new tax regimes have all aided the growth of generics and injectables market.

- Market entry barriers** – High capital investments, operational cost, manufacturing complexities, stricter compliance requirements due to the sterile nature of products and high-quality standards lead to natural entry barrier in the industry. Injectables have a more concentrated market than other segments due to their inherent complexity.
- Chronic ailments** – A significant increase in prevalence of chronic disorders such as cancer, diabetes, and cardiovascular disorders are driving the injectables drug delivery market size. These include injectables like chemotherapy drugs and insulin and other drugs like inhalers and nebulizers.
- Growth of biologics** – Biologics are gaining immense popularity, and injectables (especially prefilled syringes) are witnessing increased adoption, as the preferred drug delivery systems due to their ease of handling, less overfills and more safety to patients. In the coming years, many biologic drugs will witness loss of patent exclusivity. This will drive increased demand in their biosimilar products thereby increasing demand for the injectable drug delivery devices for these formulations.

#### Challenges

- Quality compliance** – Having a dominant market presence in regulated countries is backed by strict quality compliance approvals. Regular US FDA audits and other audits clearances are imperative to sustain operations.
- Demand forecasting** – The pharmaceutical industry's biggest challenge is developing market estimates and improving customer service levels. For pharmaceutical companies to keep ahead of the competition and match supply-demand situations is important for long-term sustainability.
- Price fluctuation** – Companies need to adapt to proper pricing techniques to analyse price structures in order to sustain profit margins. Analysing the changing customer behaviour and fluctuating prices, largely at times that are regulated, remain one of the major challenges for the companies to overcome.
- Supply Chain** – The emerging variants of Covid-19 and pertinent lockdowns in some of the countries continue to disrupt the supply chain network. Rising input cost of raw materials along with nonavailability of raw material, packing materials etc. remain a critical challenge to maintaining a smooth supply chain for our business operations.

#### Company overview

Gland Pharma is one of the fastest growing injectables focused companies today. Incorporated in 1978, the Company provides contract development, own development, dossier preparation and filing, technology transfer and manufacturing across a variety of delivery systems. The Company is now exploring

to foray into a complex injectables and Biologic/Biosimilar CDMO business after successfully delivering excellence over four decades in generics injectables.

With a vision to provide value-added solutions for a better healthcare ecosystem, the Company is present across various therapeutic segments with multiple delivery systems. The Company is among the leaders in sterile injectables, oncology and ophthalmic with focus on manufacturing complex injectables. This is made available through its diverse delivery systems that include liquid vials, lyophilized vials, pre-filled syringes, ampoules, bags and drops.

Investing in its manufacturing infrastructure over the years, the Company has 8 manufacturing facilities in Southern India comprising 4 operational formulations facilities with a total of 28 production lines and 4 API facilities. The formulation manufacturing facilities consist of 2 multiple sterile injectables facilities, 1 dedicated Penems facility and 1 oncology facility with a capacity to produce 1,000 million units per annum. The Company offers its products primarily under the B2B model across 60 countries, with the United States, ROW countries, Europe, Canada, Australia, and India as its key markets.

#### Core strengths

**Diversified portfolio and strong R&D** – The Company's diverse portfolio comprise of synthesis of both generic and complex drug molecules. Building on its strong R&D capabilities, the Company is widening its offerings through new-age production capabilities in building complex injectables and innovative delivery methods. The centralized R&D lab has an in-house team of nearly 315 scientists. The R&D teams are exploring opportunities around formulation development, analytical technique development, API process development, and stability research.

# 315

## Scientists

**Regulatory capabilities** – The Company's legal and product development team work closely to ensure a thorough understanding of evolving regulatory compliances for product lifecycles across diverse geographies. The team's experience over the years has ensured optimum time from R&D to new product registrations. The team engages regularly with the regulators, including the USFDA, playing an active role in achieving operational efficiencies by undertaking CBE-30 filings for site and line changes as well as filing for a change of APIs when cheaper sources are available. The Company along with its partners has 311 ANDA filings in the United States, of which 252 were approved and 59 were pending approval.

**Quality control and certifications** – The Company has a consistent track record of complying with necessary regulatory norms across operations and filings of new products. It has a robust internal control system and team in place to ensure

the adaption of various external regulatory norms and internal policies. The Company is supported by a quality assurance and control team of 1,449 employees representing 31.24% of the company's total employees.

# 1,449

## Team size for quality

The Company's plants are certified as GMP compliant by the USFDA, with certain facilities also having certification by the MHRA (UK), ANVISA (Brazil), AGES (Austria), TGA (Australia) and BGV Hamburg (Germany). It also has three ISO certifications for quality management, environmental management and occupational health and safety management systems as well as WHO GMP certificates for its facilities from the Drugs Control Administration (Governments of Telangana and Andhra Pradesh, India).

# 08

## Total manufacturing facilities

**Backward integration** – The Company is vertically integrated and has four API facilities with a production capacity of 11,000 kg per year. The facilities provide in-house manufacturing capabilities for critical APIs. As on March 31, 2022, the Company has filed 56 DMFs in the United States.

**Global B2B model complemented by Domestic B2C** – The Company's business model is primarily a B2B, that covers IP-led, technology transfer, own filing and contract manufacturing models. In addition, it has a B2C model that has offerings exclusive for domestic market in India.

**Experienced management** – The Company is successfully managed by a team of experienced professionals with significant expertise in the pharmaceutical industry.

#### Performance during FY 2021-22

##### Business performance as per Business Model

| Particulars                 | FY 2021-22    | FY 2020-21    | YoY growth |
|-----------------------------|---------------|---------------|------------|
| B2B - IP led - Own ANDA     | 10,432        | 7,859         | 33%        |
| B2B - IP led - Partner ANDA | 23,388        | 18,296        | 28%        |
| B2B - Tech Transfer         | 6,749         | 5,923         | 14%        |
| B2B - CMO                   | 1,193         | 813           | 47%        |
| B2C – India                 | 2,079         | 1,345         | 55%        |
| Export Incentives – India   | 166           | 392           | -58%       |
| <b>Total</b>                | <b>44,007</b> | <b>34,629</b> | <b>27%</b> |

##### Financial performance

| Particulars             | FY 2021-22 | FY 2020-21 | YoY growth |
|-------------------------|------------|------------|------------|
| Revenue from operations | 44,007     | 34,629     | 27%        |
| Total income            | 46,246     | 35,977     | 29%        |
| EBITDA                  | 17,341     | 14,370     | 21%        |
| EBITDA margin (%)       | 37%        | 40%        |            |
| PBT                     | 16,186     | 13,348     | 21%        |
| PBT margin (%)          | 35%        | 37%        |            |
| PAT                     | 12,117     | 9,970      | 22%        |
| PAT margin (%)          | 26%        | 28%        |            |

##### Key financial ratios

| Particulars         | FY 2021-22 | FY 2020-21 | Variance |
|---------------------|------------|------------|----------|
| Debtors' turnover   | 4.71       | 5.44       | -13%     |
| Inventory turnover  | 2.18       | 1.98       | 10%      |
| Current ratio       | 10.05      | 10.00      | 1%       |
| EBITDA margin (%)   | 37%        | 40%        | -6%      |
| Net profit margin   | 26%        | 28%        | -5%      |
| Return on net worth | 19%        | 21%        | -10%     |

Note: Margins are calculated based on Total Income



| Market wise* | 3 Years CAGR | YoY Growth | FY 2021-22    |             | FY 2020-21    |             | FY 2019-20    |             | FY 2018-19    |             |
|--------------|--------------|------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|
|              |              |            | Revenue       | Rev. (%)    | Revenue       | Rev. (%)    | Revenue       | Rev. (%)    | Revenue       | Rev. (%)    |
| Australia    | 14%          | 7%         | 171           | 0%          | 160           | 0%          | 131           | 0%          | 89            | 0%          |
| Canada       | 33%          | 26%        | 829           | 2%          | 659           | 2%          | 469           | 2%          | 230           | 1%          |
| Europe       | 43%          | 59%        | 2,398         | 5%          | 1,508         | 4%          | 1,169         | 4%          | 1,096         | 5%          |
| India        | 37%          | 60%        | 6,278         | 14%         | 3,928         | 11%         | 3,363         | 13%         | 3,241         | 16%         |
| USA          | 17%          | 13%        | 25,850        | 59%         | 22,918        | 66%         | 18,884        | 72%         | 13,413        | 66%         |
| ROW          | 91%          | 55%        | 8,481         | 19%         | 5,455         | 16%         | 2,316         | 9%          | 2,373         | 12%         |
| <b>Total</b> | <b>29%</b>   | <b>27%</b> | <b>44,007</b> | <b>100%</b> | <b>34,629</b> | <b>100%</b> | <b>26,332</b> | <b>100%</b> | <b>20,442</b> | <b>100%</b> |

### Future strategy

The Company is looking to expand its product portfolio and capacity both organically and inorganically. The Company's primary focus will continue to be on maintaining

high-quality standards across products, processes and facilities and deliver value to all its stakeholders. The Company's future plans also include creating infrastructure for complex injectables both in development and manufacturing front. The Company also intend to add value to its business by following inorganic approach in various area such as acquiring new technologies; strengthening vertical integration; grow by way of geographic expansion.

### Human resources

Committed, diverse and motivated workforce is the key to long-term business sustainability. Thus, the Company has undertaken a holistic, value-based approach to building a work environment that is safe, open, diverse, cohesive and supports career goals of each employee.

During the year under review, the Company remained steadfast on capability building as part of its ongoing journey to build a sustainable and diverse workforce. The Company continued to grow its team size and capabilities, which is now more engaged, creative, and motivated. Furthermore, the Company continued to focus on ensuring the health, safety and well-being of its employees. This was accomplished through its robust health and safety framework backed by its efficient due diligence system. The Company had 4,639 employees on payroll as of March 31, 2022.

### Adherence to accounting standards

The Company continues adhering to standard accounting policies under the Indian Accounting Standards (Ind AS),

applicable since 1<sup>st</sup> April, 2016. These policies are to be read along with the relevant applicable rules and accounting principles. Changes in policies, if any, are approved by the Audit Committee

### Risk management

Risk management is an inherent part of the Company's business, and the management is proactive in terms of managing risks in an organised manner. By virtue of the nature of its business, the Company is susceptible to various risks that might arise due to economic, political, legal, environmental, people, operational, currency fluctuation, and so on.

The Company's risk management strategy is governed and monitored by the Risk Management Committee.

The Executive Management Team regularly reviews the key risks and monitors mitigating measures adopted by the Company. The Risk Management Committee evaluates initiatives to further strengthen risk management framework of the Company considering the growth strategy and the dynamic business environment in which it operates.

The appointment of a global risk management consultant during the year under review has only strengthened the overall state of risk management, with risks being now structured under internal and external risks. A sound risk culture is being prepared that will help your company be more agile, responsible, and accountable with effective governance.

### Internal controls

The Company has strict procedures for internal controls. The Board of Directors and Executive Committee have established a comprehensive internal control system in place. Over the years, it has invested in enhancing its internal control framework and process, alongside the existing embedded controls, standards and monitoring controls.

## Report on Corporate Governance

Gland Pharma ('The Company') believes that all its activities should reflect good corporate governance practices. This would ensure efficient conduct of the affairs of the Company and help in maximizing value for all its stakeholders. Corporate Governance brings about sustained growth and long term benefits for the stakeholders. It is a system by which the organization will be driven and controlled by its commitment to values and ethical business conduct, voluntary practices and compliance with laws and regulations paving way to preserving shareholders' trust while maximizing long-term corporate value.

The Company will continue to employ its resources, strengths and strategies to achieve its vision, while upholding the core values of transparency, integrity, honesty and accountability, which are fundamental to the Company.

This philosophy is backed by the principles of concern, commitment, quality and integration in all its acts and relationships with its employees, customers, associates and consumers at large which has always propelled the group towards higher horizons. The Company follows a tradition of fair, transparent and ethical governance practices.

The Company believes that sound governance practices and responsible corporate behavior contribute to superior long-term performance of the Company. The Company is committed to adhere to good corporate governance principles as embodied in its governance policy.

The Company will continue to implement the code of Corporate Governance in true spirit for increasing the wealth and long term benefits for stakeholders over a sustained period of time.

The Company will continue to adhere to all regulatory and statutory requirements in true spirit.

### Governance Structure

The Company has a three level governance structure with defined roles and responsibilities of every constituent of the governance system.

#### (i) Board of Directors:

The Board of Directors, at the helm of the Governance structure is responsible for the strategic supervision, overseeing the management performance and governance of the Company on behalf of the shareholders and other stakeholders. The Board of Directors exercises independent judgement and plays a vital role in the oversight of the Company's affairs. The Board also ensures adherence to the standards of Corporate Governance and transparency in the Company's functioning.

#### (ii) Board Committees:

To effectively discharge its obligations and to comply with the statutory requirements, the Board has constituted six

Board Committees. The Committees deal with specific areas that are assigned to them for either final decision-making or appropriate recommendations to the Board. All the committees have a clearly laid down charter and are responsible for discharging their roles and responsibilities as per their charter. The details about these committees have been discussed in detail in subsequent sections in this report.

#### Chairman:

The Chairman acts as the leader of the Board and presides over the meetings of the Board and the shareholders.

#### Managing Director and Chief Executive Officer (MD & CEO):

The MD & CEO works under the supervision of the Board and is responsible for managing the affairs of the Company. He is responsible for the business performance, driving growth, and implementation of the strategic decisions taken at the Board level. As the MD & CEO of the Company, his priorities include articulating the Company's long term strategy based on organic and inorganic initiatives, defining the innovation agenda for the Company, balancing growth imperatives with margin and return on capital thresholds, augmenting the capabilities in operations and support functions, and building a strong talent-focused organisation that is ready to take on the challenges.

#### (iii) Executive Committee:

The Executive Committee serves as the apex leadership team to set and deliver the strategic long-term growth agenda. The Executive Committee include the following members: MD & CEO (Chair), Chief Financial Officer, Chief Technical Officer, Senior Vice-Presidents (R&D), Vice-President (Operations), Vice-President (Strategic Sourcing, Planning and Control), Asst. Vice-President (Sales & Marketing) and General Manager (Human Resources).

### Board of Directors

Profile of Directors

#### 1. Yiu Kwan Stanley Lau – Independent Chairman

Mr. Yiu Kwan Stanley Lau is the Chairman and Independent Director of your Company. He holds a Bachelor's degree in Pharmacy from The School of Pharmacy, University of London. He is a director on the board of directors Solasia Pharma K. K. and TaiLai Bioscience Ltd. He was previously the Chief Executive Officer of Amsino Medical Group, the Chief Operating Officer of Eddingpharm Investment Co. Ltd, and the President of China Biologic Products, Inc. He has also worked with Merck Sharp & Dohme (Asia) Ltd and Baxter (China) Investment Co., Ltd.

**2. Srinivas Sadu – MD & CEO**

Mr. Srinivas Sadu is the MD and CEO of your Company. He holds a Bachelor's degree in Pharmacy from Gulbarga University, a Master's degree in Science from Long Island University, New York and a Master's degree in Business Administration from University of Baltimore. He also holds a Post Graduate certificate in Finance and Management from the London School of Business and Finance. He has previously worked at Natco Pharma Limited at Hyderabad, India. He has over 21 years of experience in business operations and management. He joined your Company as the General Manager – Exports in 2000, and was elevated to the position of Senior General Manager in 2002, Vice President in 2003, Director in 2005, and Chief Operating Officer in 2011. He was appointed as the MD and CEO with effect from April 25, 2019. He was reappointed as MD and CEO for a further period of five years with effect from April 25, 2022.

**3. Naina Lal Kidwai – Independent Director**

Ms. Naina Lal Kidwai is an Independent Director of your Company. An MBA from Harvard Business School, she makes regular appearances in listings of international women in business by Fortune and other publications. A recipient of many awards and honours in India, she was awarded the Padma Shri by the Government of India for her contribution to trade and industry. Ms Kidwai has authored three books; "Survive or Sink - An Action Agenda for Sanitation, Water, Pollution and Green Finance", "Contemporary Banking in India" and "30 Women in Power: Their Voices, Their Stories." Ms Kidwai possesses rich experience in the areas of Banking and Finance. She has been a past President of FICCI; is one of the Government of India's representatives on the BRICs Business Council and the INDO-ASEAN Business Council, the Rajasthan Chief Minister's Economic transformation Advisory Council, the Investment Advisory Committee of the Army Group Insurance Fund; on the Governing Board of Lady Shriram College as well as on the Harvard Business School South Asia Advisory Board.

**4. Udo Johannes Vetter - Independent Director**

Mr. Udo Johannes Vetter is an Independent Director of your Company. He holds a Bachelor's degree in Science (Pharmacy) from the University of Washington. He has been associated with the Vetter/ Vetter Pharma group of companies since 1987, and is currently the Chairman on the Board of Directors of Vetter Pharma (Corporation).

**5. Satyanarayana Murthy Chavali - Independent Director**

Mr. Satyanarayana Murthy Chavali is an Independent Director of your Company. He holds a Bachelor's degree in Technology from Indian Institute of Technology, Madras and a Post Graduate Diploma in Management from Indian Institute of Management, Bangalore. He was the Chief Executive Officer of Aurigene Discovery Technologies Limited, and has previously worked at Dr. Reddy's Laboratories Limited.

**6. Essaji Goolam Vahanvati - Independent Director**

Mr. Essaji Goolam Vahanvati is an Independent Director of your Company. He holds a Bachelor's degree in Law from Government Law College, Mumbai. He is an independent legal practitioner, practising in the Supreme Court of India and Delhi High Court.

**7. Qiyu Chen – Non –Executive Director**

Mr. Qiyu Chen is a Non-Executive Director of your Company. He holds a Bachelor's degree in Genetics from Fudan University and a Master of Business Administration from China Europe International Business School. He is the global partner of the Fosun group. He is also a Non-Executive Director on the Board of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., Chairman of Shanghai Fosun High Technology (Group) Co., Ltd, and an Executive Director and Co-Chief Executive Officer on the Board of Fosun International Limited, a company listed on the Stock Exchange of Hong Kong Limited, and Chairman of Fosun Healthcare Holdings, and Fosun Health Insurance and Health Management Group. He is also on the boards of Sinopharm Group Co., Ltd., a company listed on the Stock Exchange of Hong Kong Limited; and Beijing Sanyuan Foods Co., Ltd., a company listed on the Shanghai Stock Exchange. He joined the Fosun group in April 1994 and was appointed as an Executive Director of the Fosun group in May, 2005.

**8. Yifang Wu - Non-Executive Director**

Mr. Yifang Wu is a Non-Executive Director of your Company. He holds a Master's of Administration in Communication from Saint Joseph's University (Philadelphia). He was qualified as a senior professional economist by the Jaingsu Provincial Department of Human Resources and Social Security in 2011. He has over 30 years of experience in the pharmaceutical industry. He commenced his career as an employee of Xuzhou Biochemical Pharmaceutical Factory (now known as Jiangsu Wanbang Biochemical Pharmaceutical Co., Ltd) in June 1987. He was the Chairman and Chief Executive Officer of Wanbang Biopharma from April 2011 to July 2020. He has been associated with Shanghai Fosun Pharmaceutical (Group) Co., Ltd since 2004, and is presently an Executive Director and Chairman on its board of directors and its Chief Executive Officer.

**9. Yao Fang- Non-Executive Director**

Mr. Yao Fang is a Non-Executive Director of your Company. He holds a Bachelor's degree in Economics from Fudan University and a Master's degree in Business Administration from The Chinese University of Hong Kong.

Mr. Yao Fang is the Executive President of Fosun International Limited and he is also a Non-Executive Director of Shanghai Fosun Pharmaceutical (Group) Co. Ltd. He had worked previously with Shanghai Wanguo Securities Company Limited (now known as Shenyin

& Wanguo Securities Company Limited), Shanghai Industrial Assets Management Company Limited, Shanghai Industrial Management (Shanghai) Company Limited, Shanghai Industrial Pharmaceutical Investment Company Limited, Shanghai Overseas Company, Lianhua Supermarket Holdings Company Limited, Shanghai Industrial Holdings Limited, BioSino Bio-Technology and Science Incorporation.

**10. Xiaohui Guan - Non-Executive Director**

Ms. Xiaohui Guan is a Non-Executive Director of your Company. She holds a Master's degree in professional accountancy from the Chinese University of Hong Kong. She is also a member of the ACCA (Association of Chartered Certified Accountants) and a non-practising member of the Chinese Institute of Certified Public Accountants. She joined the Fosun group in May 2000. She is the Executive President and Chief Financial Officer of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. and Non-Executive Director of Sinopharm Group Co., Ltd, a company listed on the Hong Kong Stock Exchange. Previously, she was the Supervisor at the China National Accord Medicines Corporation Ltd.

**11. Dr. Jia Ai (Allen) Zhang – Non-Executive Director**

Dr. Allen is currently working as Sr. Vice President with Shanghai Fosun Pharma Development Co, Ltd. and Executive President, Global R&D Center. He is also a Director in Guilin Pharma, Yao pharma and Novelstar, of Fosun Pharma group.

Dr. Allen completed his Doctorate (Ph.D) in Pharmaceutics from Oregon State University and had worked on Vaccine Development and Oral Vaccine Delivery System Design & Optimization. He has a Bachelor's degree in Pharmacy from Shanghai Medical University/Fudan University, College of Pharmacy, Shanghai, China.

**Composition of the Board**

The Board represents an appropriate mix of Executive, Non-Executive and Independent Directors, which is compliant with the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations") and is also in line with the best practices of Corporate Governance. There are no inter-se relationships between our Board members.

**Classification of the Board**

| Category of Director    | Number of Directors (men) | Number of Directors (women) | Total no. of Directors | % of Total no. of Directors |
|-------------------------|---------------------------|-----------------------------|------------------------|-----------------------------|
| Executive Directors     | 1                         | 0                           | 1                      | 9.10                        |
| Non-Executive Directors | 4                         | 1                           | 5                      | 45.45                       |
| Independent Directors   | 4                         | 1                           | 5                      | 45.45                       |
| <b>Total</b>            |                           |                             | <b>11</b>              | <b>100.00</b>               |

The Board is classified broadly as follows:

| Sl. No. | Name of the Director             | Status                  | Category                                   |
|---------|----------------------------------|-------------------------|--|
| 1       | Mr. Yiu Kwan Stanley Lau         | Chairman                | Independent Director                       |
| 2       | Mr. Srinivas Sadu                | Managing Director & CEO | Executive Director (Professional Director) |
| 3       | Ms. Naina Lal Kidwai             | Director                | Independent Director                       |
| 4       | Mr. Udo Johannes Vetter          | Director                | Independent Director                       |
| 5       | Mr. Satyanarayana Murthy Chavali | Director                | Independent Director                       |
| 6       | Mr. Essaji Goolam Vahanvati      | Director                | Independent Director                       |
| 7       | Mr. Qiyu Chen                    | Director                | Non-Executive & Non- Independent Director  |
| 8       | Mr. Wu Yifang                    | Director                | Non-Executive & Non- Independent Director  |
| 9       | Mr. Yao Fang                     | Director                | Non-Executive & Non- Independent Director  |
| 10      | Ms. Xiaohui Guan                 | Director                | Non-Executive & Non- Independent Director  |
| 11.     | Dr. Jia Ai (Allen) Zhang         | Director                | Non-Executive & Non- Independent Director  |

The statutory details of the directors, including the directorships held by them in other listed companies and their committee memberships/chairpersonships in other public companies, are listed in **Annexure A**.

Mr. Li Dongming resigned as Director with effect from 10<sup>th</sup> March, 2022 consequent to his decision to peruse better opportunities outside Fosun Pharma. He confirmed that there were no other material reasons for his resignation.

Consequently, he also ceased to be a Member of Nomination and Remuneration Committee, Corporate Social Responsibility Committee, ESOP Compensation Committee and Stakeholders' Relationship Committee and Share Transfer Committee.

The Board placed on record its sincere appreciation for the contributions made by Mr. Li Dongming as member on the Board.



The Board of Directors of the Company has appointed Mr. Yao Fang as an Additional Director of the Company with effect from 10<sup>th</sup> March, 2022 in the Category of Non-Executive & Non -Independent Director. He was appointed (regularized) as a Director on 20<sup>th</sup> April, 2022 by the Shareholders of the Company by passing a resolution through Postal Ballot.

### Board Skill Matrix

The Board of Directors of the Company comprises of qualified members who possess relevant skills, expertise and competence for the effective functioning of the Company. The following skills / expertise / competencies have been identified as fundamental for the effective functioning of the Company:

### Board Skills/ Expertise/ Competencies

| Area of Expertise                                 | Particulars   |
|---|---|
| Global Economics                                  | Understanding of diverse business environments, regulatory framework, economic & political conditions and cultures globally |
| Corporate Governance                              | Protection of stakeholders' interest, observing best governance practices, identifying key governance risks                 |
| General Management, Human Resource and Leadership | General know-how of business management, talent management and development, workplace health & safety                       |
| Pharmaceuticals, Science and Technology           | Significant background and experience in pharmaceuticals sector, science and technology domain                              |
| Information Technology                            | Knowledge on Information Technology in day-to-day business activities   |
| Finance & Accounts                                | Proficiency in financial management, financial reporting process, budgeting, treasury operations, audit, capital allocation |
| Manufacturing, Quality and Supply Chain           | Operational expertise and technical know-how in the area of manufacturing, quality and supply chain                         |
| Sales, Marketing, Commercial                      | Experience in strategizing market share growth, building brand awareness, enhancing enterprise reputation                   |
| M&A and Business Development                      | Examining M&A deals for inorganic growth in line with the Company's growth strategy   |

The skills which are currently available with the Board members have been mapped below:

| Name                         | Global Economics | Corporate Governance | General Management, Human Resource and Leadership | Pharmaceuticals, Science & Technology | Information Technology | Finance & Accounts | Manufacturing Quality & Supply Chain | Sales, Marketing, Commercial, M&A and Business Development |
|------------------------------|------------------|----------------------|---|---------------------------------------|------------------------|--------------------|--------------------------------------|--|
| Yiu Kwan Stanley Lau         | √                | √                    | √   | √                                     | √                      |                    |                                      | √  |
| Srinivas Sadu                | √                | √                    | √   | √                                     | √                      |                    | √                                    | √  |
| Qiyu Chen                    | √                | √                    | √   | √                                     | √                      |                    | √                                    | √  |
| Yifang Wu                    | √                | √                    | √   | √                                     | √                      |                    | √                                    | √  |
| Yao Fang                     | √                | √                    | √   | √                                     | √                      |                    | √                                    |  |
| Xiaohui Guan                 | √                | √                    | √   |                                       | √                      | √                  |                                      |  |
| Udo Johannes Vetter          | √                | √                    | √   | √                                     | √                      |                    | √                                    | √  |
| Satyanarayana Murthy Chavali | √                | √                    | √   | √                                     | √                      | √                  |                                      | √  |
| Essaji Goolam Vahanvati      | √                | √                    | √   |                                       | √                      | √                  |                                      |  |
| Naina Lal Kidwai             | √                | √                    | √   |                                       | √                      | √                  |                                      | √  |
| Dr. Jia Ai (Allen) Zhang     | √                | √                    | √   | √                                     | √                      |                    | √                                    |  |

### Board Membership Criteria and Selection Process

The Nomination and Remuneration Committee (hereinafter referred as 'NRC') is responsible for identifying and evaluating a suitable candidate for the Board. While selecting a candidate, the NRC reviews and evaluates the Board's composition and diversity to ensure that the Board and its committees have an appropriate mix of skills, experience, independence and knowledge for continued effectiveness. We acknowledge the importance of diversity in the Boardroom as a driver of effectiveness. For the Board, diversity encompasses plurality in perspective, experience, education, background, ethnicity, nationality, age, gender and other personal attributes.

To ensure a transparent selection process, the guidance on eligibility criteria and attributes for an individual's appointment on the Board, including Independent Directors, has been defined in the Nomination and Remuneration Policy and Board Diversity Policy of the Company. The candidate is, inter alia, screened based on background, knowledge, skills, abilities (including their ability to exercise sound judgement), professional experience and functional expertise, and educational and professional background. The NRC recommends the appointment of a candidate based on the defined criteria and attributes. The Board, on recommendation of the NRC and profile of the candidate, recommends the appointment to the members of the Company, wherever applicable, for their approval.

### Role of the Board of Directors

The Board of Directors is the apex body constituted by the shareholders and is vested with the powers of governance, giving strategic and operational direction and to control the affairs of the Company. In order to make an informed decision, the Board of Directors have access to all relevant information and are free to approach the employees of the Company. Driven by the principles of Corporate Governance Philosophy, the Board strives to work in best interest of the Company and its stakeholders. The matters required to be placed before the Board, inter-alia, include:

- Annual operating plans, capital budgets and updates therein
- Supervision of financial and tax management strategies
- Reviewing and guiding the corporate strategy
- Proposals requiring strategic guidance and approval of the Board
- Regular business / function updates
- Update on Corporate Social Responsibility (CSR) activities
- Significant changes in accounting policies and internal controls
- Takeover of a company or acquisition of a controlling or substantial stake in another company
- Details of joint venture or collaboration agreements and M&A
- Sale of investment, subsidiaries, assets which are material in nature and not in the normal course of business

- Quarterly and annual consolidated and standalone results & financial statements of the Company
- Show cause, demand, prosecution notices and penalty notices, if material
- Fatal or serious accidents, dangerous occurrences, material effluent or pollution problems, if any
- Any material default in financial obligations to and by the Company or substantial non-payment for services provided by the Company
- Any issue which involves possible public or product liability claims of substantial nature, if any
- Significant labour problem and their proposed solutions
- Minutes of meetings of the Board and its committees, resolutions passed by circulation, and Board minutes of unlisted subsidiary companies
- The information on recruitment and remuneration of senior officers just below the level of Board of Directors, including appointment or removal of Chief Financial Officer and the Company Secretary
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property
- Human resource updates and strategies
- Quarterly compliance certificate which includes non-compliance, if any, of regulatory, statutory nature or listing requirements and shareholders service
- Appointment and remuneration of Directors, Key Managerial Personnel and Senior Management;
- Performance evaluation of the Board, its committees and each director
- Formation/re-constitution of committees
- Significant transactions or arrangements by subsidiary companies
- Statutory disclosures received from the directors

### Independent Directors

The Nomination and Remuneration Policy and the Board Diversity Policy set out the criteria for appointment of Independent Directors. Each Independent Director, at the time of appointment, and thereafter at the beginning of each financial year submits a declaration confirming their independence as well as compliances under section 149(6) and the rules made thereunder, Schedule IV of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations. In terms of Regulation 25(8) of SEBI Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. The declaration of independence received from the Independent Directors are noted and taken on record by the Board. In the opinion of the Board of Directors, the Independent Directors fulfil the criteria of independence as stated under 149(6) as well as the rules

made thereunder of the Companies Act, 2013; Regulation 16(1)(b) of the Listing Regulations and are independent of the management. In compliance with Rule 6(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014; the Independent Directors have registered themselves on the data bank maintained by the Indian Institute of Corporate Affairs. None of the Independent Directors of the Company serve as an Independent Director in more than 7 listed companies or as a Whole-Time Director in any listed Company. As a process, at the time of appointment / re-appointment, each Independent Director is issued a formal letter of appointment containing the terms of appointment, roles and duties, the evaluation process, applicability of Code of Conduct of the Company and Code of Conduct on Prevention of Insider Trading etc. The draft letter of appointment is available on the Company's website, at [https://glandpharma.com/investors/corporate\\_governance](https://glandpharma.com/investors/corporate_governance).

#### Meeting of Independent Directors:

Pursuant to Schedule IV of the Companies Act, 2013; the Independent Directors will meet without the presence of the management and Non-Executive Directors. During the year under review, the five Independent Directors met once on 31<sup>st</sup> March, 2022. The Independent Directors inter alia discuss matters arising out of the agenda of the Board and Board committees, Company's performance, identify areas where they need clarity or information from management. They review the performance of the Board as a whole as well as that of Non-Independent Directors, MD & CEO and the Chairman by considering the views of Executive and Non-Executive Directors. They also assess the quality, quantity, effectiveness and promptness of the flow of information between the Company's management and the Board. They periodically meet the Statutory Auditor and the Internal auditor without the presence of the management to understand the overall quality of audit, quality of financials, key financial matters and corrective actions to be taken for strengthening the internal controls of the Company and their general feedback.

#### Familiarisation Programme for Board Members Induction

Gland has a robust induction process that enables newly appointed directors to familiarise themselves with the Company, its management, its operations and the industry in which the Company operates. All the Directors of the Company are made aware of their roles and duties at their time of appointment / re-appointment through a formal letter of appointment, which also stipulates other terms and conditions of their appointment. The Company has an orientation process which includes one-to-one interactive sessions with the Executive Committee members. The directors are apprised about the nature of industry, business model, existing group structure, Company's Code of Conduct, Insider Trading Code, brief profile of other Board members, Memorandum and Articles of Association, financial results of past one year, committee charters, Whistle Blower policy, CSR policy, Policy on dealing with related party transactions, etc. The Company also arranges factory visits for the directors to gain a better understanding of Company's business.

#### Regular familiarisation:

As part of their ongoing training, business / functional heads make regular strategic presentations to the Board. Board members are regularly updated regarding key developments in the Company and on any important regulatory amendments applicable to the Company. The Directors are provided regular updates on the business units / subsidiary companies, business performance, operations, finance and risk management framework, etc. The Statutory Auditors and the Internal auditor meet with the Independent Directors to discuss Company's affairs without the presence of management.

During FY 2021-22, the Company comprehensively updated the familiarisation programme to cover its enhanced initiatives and inclusion of brief topics discussed during FY 2021-22. Details of the familiarisation programme for the Independent directors are put up on the Company's website [https://glandpharma.com/investors/corporate\\_governance](https://glandpharma.com/investors/corporate_governance)

#### Board Evaluation

Pursuant to the provisions of Companies Act, 2013 and the Listing Regulations, the Board had carried out an annual evaluation of its own performance and of its committees as well as the performance of each individual director.

#### Board Evaluation Criteria

Feedback was sought based on the evaluation criteria approved by the NRC for evaluating the performance of the Board, its committees and individual directors. The Chairman, MD & CEO and the Independent Directors were evaluated on a few additional parameters. The criteria for performance evaluation include the following:

- **The Board** – Structure, composition of the Board, Board meeting schedule, agenda and collaterals, Board meeting practices and overall effectiveness of the Board.
- **Board committees** – Composition, their role and responsibilities, information flow and effectiveness of the meetings, recommendations to the Board, effectiveness of committee chairpersons, etc.
- **Individual Director** – Attendance at the meetings, preparedness for discussion, quality of contribution, engagement with fellow Board members, key managerial personnel and senior management, etc.
- **The Chairman** – Leadership of the Board, promoting effective participation of all Board members in the decision-making process, etc.
- **Independent Directors** – Independence from the Company, exercising independent judgement in decision-making, contributing strongly to the objectivity of the Board's deliberations based on their external expertise, etc.
- **MD & CEO** – He was additionally evaluated against the Key Performance Indicators (hereinafter referred as 'KPIs') set at the beginning of the financial year, which, inter

alia, included both long-term and short-term financial and non-financial performance parameters. The financial parameters included targets on revenue, EBITDA, PAT, etc. The non-financial parameters cover areas such as strategy and portfolio, talent and leadership management, succession planning, operations and quality, etc. The Board and the NRC regularly reviews the progress on the KPIs. The evaluation report was also discussed at the meeting of the Board of Directors, committees and the Independent Directors.

The directors were satisfied with the Company's standard of governance, its transparency, meeting practices and overall Board effectiveness.

#### Succession Planning of the Board and Senior Management

The NRC reviews and manages the succession planning of top leadership positions in the Company. It defines the leadership competencies and takes suitable steps to build robust succession plans. The NRC reviews the succession planning on a regular basis.

#### Board Meetings & Procedure

The Board and the Board committee meetings are pre-scheduled and an annual calendar of the meetings is circulated to the directors well in advance to facilitate planning of their schedule and to ensure meaningful participation in the Board and committee meetings. However, in case of urgent matters, the Board's approval is taken by passing resolutions by circulation. The Board, Audit Committee and the NRC are facilitated with the annual agenda plan in advance. The management team is invited to provide update on the Company's performance in key areas such as the major business segments, key functions and subsidiaries. The Chief Financial Officer is an invitee to all the Board meetings of the Company. The Company Secretary finalises the agenda for

#### Attendance of the Directors

Information about the attendance of directors at the Board meetings either in person or through video conference during FY 2021-22 and at the last Annual General Meeting (AGM) is stated below:

| Sl. No. | Name of the Director             | No. of Board Meetings Director was entitled to attend | Particulars                        |                       |
|---------|----------------------------------|---|------------------------------------|-----------------------|
|         |                                  |   | No. of Board Meetings Participated | Last AGM (26.08.2021) |
| 1       | Mr. Yiu Kwan Stanley Lau         | 5   | 4                                  | Yes                   |
| 2       | Mr. Srinivas Sadu                | 5   | 5                                  | Yes                   |
| 3       | Mr. Qiyu Chen                    | 5   | 4                                  | Yes                   |
| 4       | Mr. Wu Yifang                    | 5   | 4                                  | Yes                   |
| 5       | Mr. Dongming Li <sup>#</sup>     | 5   | 4                                  | Yes                   |
| 6       | Ms. Xiaohui Guan                 | 5   | 5                                  | Yes                   |
| 7       | Mr. Udo Johannes Vetter          | 5   | 4                                  | Yes                   |
| 8       | Mr. Satyanarayana Murthy Chavali | 5   | 5                                  | Yes                   |
| 9       | Mr. Essaji Goolam Vahanvati      | 5   | 4                                  | Yes                   |

the meetings in consultation with the Chairman and the MD & CEO and the same is circulated to the Board/Committee members in advance. With respect to the agenda for the committee meetings, the chairperson of the respective committee is consulted while finalising the agenda. In special and exceptional circumstances, additional item(s) are taken up as 'any other item' with the permission of the respective chairperson and consent of majority of the Board / respective committee members present at the meeting. The agenda of the Board and committee meetings is circulated electronically.

#### Post-Meeting Follow-up System

The Company has an effective post-meeting follow-up system. The Company tracks important decisions taken and discussions held at the Board and Board committee meetings till their closure. After each Board and Board committee meeting, action points arising out of it are immediately informed to the respective owners for required action.

#### Number of Board Meetings held

The Board of Directors met 5 times on 17<sup>th</sup> May, 2021; 21<sup>st</sup> July, 2021; 22<sup>nd</sup> October, 2021; 21<sup>st</sup> January, 2022 and 10<sup>th</sup> March, 2022.

#### Minutes of the Board & Committee meetings:

The Company Secretary records the minutes of the proceedings of each Board and Board committee meetings. Draft minutes are circulated to the Board and the respective committee members for their inputs and comments. The finalised minutes are entered in the respective minute's books within 30 days from the conclusion of the meeting. A certified copy of the signed minutes are also circulated to the Board and respective committee members in compliance with the Secretarial Standard - 1.



| Sl. No. | Name of the Director     | Particulars   |                                    |                       |
|---------|--------------------------|---|------------------------------------|-----------------------|
|         |                          | No. of Board Meetings Director was entitled to attend | No. of Board Meetings Participated | Last AGM (26.08.2021) |
| 10      | Ms. Naina Lal Kidwai     | 4   | 4                                  | Yes                   |
| 11      | Dr. Jia Ai (Allen) Zhang | 4   | 4                                  | Yes                   |
| 12      | Mr. Yao Fang*            | 0   | 0                                  | N.A                   |

\* Mr.Yao Fang was appointed as Director w.e.f. 10<sup>th</sup> March, 2022.

# Mr.Li Dongming resigned as Director w.e.f. 10<sup>th</sup> March, 2022.

**Remuneration to Directors:** The details of remuneration to directors during FY 2021-22 are given below:

#### Executive Director

| Name of the Director | Salary | Commission | PF   | Perquisites | Others* | (Amt in ₹ Mn) |
|----------------------|--------|------------|------|-------------|---------|---------------|
|                      |        |            |      |             |         | Total         |
| Mr. Srinivas Sadu    | 60.86  | -          | 2.45 | -           | 60.27   | 123.58        |

\*Others include special bonus and stock options granted during FY 2019-20 which were vested over a period of 3 years.

#### Non-Executive Directors

| Sl. No.                      | Name of the Director             | Particulars of remuneration |            |        | Total amount |
|------------------------------|----------------------------------|-----------------------------|------------|--------|--------------|
|                              |                                  | Sitting fees                | Commission | Others |              |
| <b>Independent Directors</b> |                                  |                             |            |        |              |
| (i)                          | Mr. Satyanarayana Murthy Chavali | 0.50                        | 2.50       | -      | 3.00         |
| (ii)                         | Mr. Yiu Kwan Stanley Lau         | 0.40                        | 4.57       | -      | 4.97         |
| (iii)                        | Mr. Essaji Goolam Vahanvati      | 0.40                        | 2.50       | -      | 2.90         |
| (iv)                         | Mr. Udo Johannes Vetter          | 0.40                        | 2.50       | -      | 2.90         |
| (v)                          | Ms. Naina Lal Kidwai             | 0.40                        | 10.00      | -      | 10.40        |

As per the Nomination and Remuneration policy, the independent Directors of the Company are being paid Commission on the profits of the Company as approved by the shareholders of the Company, which may vary from One Independent Director to another. In no case, the commission shall exceed 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013. The Independent Directors are not entitled to stock options.

The Non-Executive Directors do not have any pecuniary relationship or transactions with the Company during FY 2021-22. None of the Non-Executive Directors were paid Sitting fee, as they are employees of the Promoter group. The Non-Executive Directors are not entitled to stock options.

The sitting fee is paid immediately after the respective Board Meeting to Independent Directors who attend the meetings. The commission to Independent Director is payable at the end of the financial year after the annual financial statements are approved by the Board.

All the directors are entitled to reimbursement of reasonable expenses incurred during the performance of their duty as a director.

As per the shareholders' resolution dated 24<sup>th</sup> May, 2019; Mr Srinivas Sadu was appointed as the MD & CEO for a term of three years w.e.f. 25<sup>th</sup> April, 2019. Mr Srinivas Sadu is also eligible for 240,000 stock options over a period of 3 years ending December 31, 2021. Mr. Srinivas Sadu was reappointed as MD & CEO for a further period of five years w.e.f. 25<sup>th</sup> April, 2022 vide resolution passed by the Shareholders through postal ballot on 20<sup>th</sup> April, 2022.

None of the Directors are related to each other or to any of the Key Managerial Personnel.

#### Number of shares and convertible instruments held by Non- Executive Directors:

None of the Non-Executive Directors of the Company hold any Shares or Convertible instruments. As on 31<sup>st</sup> March, 2022; Mr. Srinivas Sadu, Managing Director & CEO of the Company holds 90,000\* shares, exercised out of the vested options granted to him, under the Gland Pharma Employee Stock Option Scheme, 2019.

\* As on date of this report, Mr. Srinivas Sadu holds 162,000 shares.

#### Board committees:

The Board committees are set up by the Board and are governed by their respective terms of reference which exhibit their scope and responsibilities. Presently, the Board has six committees: Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Share Transfer Committee, Risk Management Committee, Corporate Social Responsibility Committee and ESOP Compensation Committee. The committees operate under the direct supervision of the Board. Generally, Committee meetings are held prior to the Board meeting and the Chairperson of the respective committees report to the Board about the deliberations and decisions taken by the committees.

#### Audit Committee:

**Composition of the Audit Committee:** The Audit Committee currently comprises of three Non-Executive Directors, of whom two, including the Chairman of the Committee, are Independent Directors. The Committee is headed by Mr. Satyanarayana Murthy Chavali. Mr. Essaji Goolam Vahanvati and Ms. Guan Xiahoui are the members of the Audit Committee. The Company Secretary of the Company is the secretary to the Committee. The composition of the Committee meets the requirements of section 177 of the Companies Act, 2013 and the SEBI Listing Regulations.

#### Role of Audit Committee

The role of the Audit Committee is as per the terms of reference of the Audit Committee as approved by the Board of Directors and in line with the Companies Act, 2013 and SEBI Listing Regulations, which are as follows:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, replacement, reappointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any services other than the Statutory Audit rendered by the Statutory Auditors;
- Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board of Directors for approval, with particular reference to:
  - Matters required to be included in the Director's responsibility statement to be included in the Board's report, in terms of the Companies Act, 2013;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by the management;

- Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions; and
  - Qualifications and modified opinion(s) in the draft audit report.
- Reviewing with the management, the quarterly financial statements before submission to the Board of Directors for approval;
  - Examination of the financial statement and auditor's report thereon;
  - Monitoring the end use of funds raised through public offers and related matters;
  - Reviewing with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the issue document/prospectus/notice and making appropriate recommendations to the Board to take up steps in this matter;
  - Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
  - Approval or any subsequent modification of transactions of the Company with related parties;
  - Scrutiny of inter-corporate loans and investments;
  - Valuation of undertakings or assets of the Company, wherever it is necessary;
  - Evaluation of internal financial controls and risk management systems;
  - Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  - Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  - Discussion with internal auditors of any significant findings and follow up there on;
  - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
  - Discussion with statutory auditors, internal auditors, secretarial auditors and cost auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

19. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
20. To review the functioning of the whistle blower mechanism;
21. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
22. Carrying out any other function as may be required / mandated as per the provisions of the Companies Act, 2013; SEBI Listing Regulations and/or any other applicable laws;
23. Reviewing the utilization of loan and/or advances from investment by the holding company in the subsidiary exceeding ₹1,000 million or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments; and
24. consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation, etc. on the listed entity and its shareholders.

**The audit committee shall mandatorily review the following information:**

- (1) management discussion and analysis of financial condition and results of operations;
- (2) statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- (3) management letters / letters of internal control weaknesses issued by the statutory auditors;
- (4) internal audit reports relating to internal control weaknesses;
- (5) the appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the Audit Committee; and
- (6) statement of deviations as and when becomes applicable:
  - (a) quarterly statement of deviation(s) submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Meetings of Audit Committee:**

During the year under review, the Audit Committee met on 17<sup>th</sup> May, 2021; 21<sup>st</sup> July, 2021; 22<sup>nd</sup> October, 2021 and 21<sup>st</sup> January, 2022.

**Composition and attendance of Audit Committee**

| Name of the Director             | Position | Category               | No. of Meetings attended |
|----------------------------------|----------|------------------------|--------------------------|
| Mr. Satyanarayana Murthy Chavali | Chairman | Independent Director   | 4                        |
| Mr. Essaji Goolam Vahanvati      | Member   | Independent Director   | 4                        |
| Ms. Xiaohui Guan                 | Member   | Non-Executive Director | 4                        |

Mr. Srinivas Sadu, Managing Director & CEO, Mr. Ravi Shekhar Mitra, CFO and Mr. Wu Rong, Financial Controller of the Company are the Special invitees to every Audit Committee Meeting.

The average attendance of the present members at the Audit Committee meetings during FY 2021-22 was 100%. The Chairman of the Committee was present at the last AGM held on 26<sup>th</sup> August, 2021.

**Nomination and Remuneration Committee (NRC)**

**Composition of the Nomination and Remuneration Committee:**

The NRC currently comprises of four Non-Executive Directors, of whom three members including the Chairperson of the Committee are Independent Directors. The Committee is headed by Mr. Satyanarayana Murthy Chavali and has Mr. Essaji Goolam Vahanvati, Mr. Udo J Vetter and Mr. Wu Yifang as its members. The Company Secretary of the Company is the secretary to the NRC. The composition of the Committee

meets the requirements of Section 178 of the Companies Act, 2013 and the Listing Regulations.

**Role of Nomination and Remuneration Committee:**

The role of the NRC is as follows:

1. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors, a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees.

The Nomination and Remuneration Committee, while formulating the above policy, should ensure that –

- (i) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;

- (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - (iii) remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;
2. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
    - a) use the services of an external agency, if required;
    - b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
    - c) consider the time commitments of the candidates.

3. Formulating criteria for evaluation of performance of Independent Directors and the Board of Directors;
4. Devising a policy on diversity of the Board of Directors;
5. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal;
6. Appointment, extension or continuing the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
7. Recommending to the Board, all remuneration, in whatever form, payable to senior management.
8. Carrying out any other function as is mandated by the Board from time to time and / or enforced/mandated by any statutory notification, amendment or modification, as may be applicable; and
9. Performing such other functions as may be necessary or appropriate for the performance of its duties.

During the year under review, the Nomination and Remuneration Committee met on 14<sup>th</sup> May, 2021; 20<sup>th</sup> July, 2021 and 10<sup>th</sup> March, 2022.

**Composition and attendance of Nomination and Remuneration Committee**

| Name of the Director             | Position                   | Category               | No. of Meetings attended |
|----------------------------------|----------------------------|------------------------|--------------------------|
| Mr. Satyanarayana Murthy Chavali | Chairman                   | Independent Director   | 3                        |
| Mr. Essaji Goolam Vahanvati      | Member                     | Independent Director   | 3                        |
| Mr. Udo Johannes Vetter          | Member                     | Independent Director   | 3                        |
| Mr. Dongming Li                  | Member (till 10.03.2022)   | Non-Executive Director | 2                        |
| Mr. Wu Yifang                    | Member (w.e.f. 10.03.2022) | Non-Executive Director | N.A                      |

The average attendance of the present members at the Nomination and Remuneration Committee meetings during FY 2021-22 was 91.67%. The Chairman of the Committee was present at the last AGM held on 26<sup>th</sup> August, 2021.

**Stakeholders' Relationship Committee and Share Transfer Committee (SRC)**

**Composition of the Stakeholders' Relationship Committee and Share Transfer Committee:**

The SRC currently comprises of two Non-Executive Directors and One Executive Director. Out of the two Non-Executive Directors, one is Independent Director and is the Chairman of the Committee. The Committee is headed by Mr. Satyanarayana Murthy Chavali and has Mr. Yao Fang and Mr. Srinivas Sadu as its members. The Company Secretary of the Company is the secretary to the SRC. The Compliance Officer of the Company is Mr. P. Sampath Kumar, Company Secretary of the Company.

The composition of the Committee meets the requirements of the Companies Act, 2013 and the SEBI Listing Regulations.

**Role of SRC:**

- (1) Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, notice for general meetings, etc;
- (2) Review of measures taken for effective exercise of voting rights by shareholders;
- (3) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent; and
- (4) Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the Company.



**Complaints received and resolved during the year ended 31<sup>st</sup> March, 2022:**

Complaints received during the year: NIL

Complaints resolved during the year: NIL

Complaints pending at the end of the year: NIL

During the year under review, the Stakeholders' Relationship Committee and Share Transfer Committee met on 14<sup>th</sup> May, 2021; 20<sup>th</sup> July, 2021; 22<sup>nd</sup> October, 2021 and 21<sup>st</sup> January, 2022.

**Composition and attendance of Stakeholders' Relationship Committee and Share Transfer Committee**

| Name of the Director             | Position                   | Category                | No. of Meetings attended |
|----------------------------------|----------------------------|-------------------------|--------------------------|
| Mr. Satyanarayana Murthy Chavali | Chairman                   | Independent Director    | 4                        |
| Mr. Srinivas Sadu                | Member                     | Managing Director & CEO | 3                        |
| Mr. Li Dongming                  | Member (till 10.03.2022)   | Non-Executive Director  | 4                        |
| Mr. Yao Fang                     | Member (w.e.f. 10.03.2022) | Non-Executive Director  | N.A                      |

The average attendance of the members at the Stakeholders' Relationship Committee and Share Transfer Committee meetings during FY 2021-22 was 91.67%.

**Corporate Social Responsibility (CSR) Committee****Composition of the CSR Committee:**

The CSR Committee currently comprises of two Non-Executive Directors and One Executive Director. Out of the two Non-Executive Directors, one is Independent Director. Mr. Srinivas Sadu, MD & CEO is the Chairman of the Committee. The Company Secretary of the Company is the secretary to the CSR Committee.

The composition of the Committee meets the requirements of the Companies Act, 2013.

**Role of CSR Committee:**

- Formulation of a corporate social responsibility policy to the Board, indicating the activities to be undertaken by the Company in areas or subject specified in the Companies Act, 2013. The activities should be within the list of permitted activities specified in the Companies Act, 2013 and the rules thereunder;

- Recommending the amount of expenditure to be incurred, amount to be at least 2% of the average net profit of the Company in the three immediately preceding financial years;
- Instituting a transparent monitoring mechanism for implementation of the corporate social responsibility projects or programs or activities undertaken by the Company;
- Monitoring the corporate social responsibility policy from time to time and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;
- Identifying corporate social responsibility policy partners and corporate social responsibility policy programmes;
- Identifying and appointing the corporate social responsibility team of the Company including corporate social responsibility manager, wherever required; and
- Performing such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company.

During the year under review, the Corporate Social Responsibility Committee met on 14<sup>th</sup> May, 2021 and 10<sup>th</sup> March, 2022.

**Composition and attendance of Corporate Social Responsibility Committee**

| Name of the Director        | Position                   | Category                | No. of Meetings attended |
|-----------------------------|----------------------------|-------------------------|--------------------------|
| Mr. Srinivas Sadu           | Chairman                   | CEO & Managing Director | 2                        |
| Mr. Li Dongming             | Member (till 10.03.2022)   | Non-Executive Director  | 1                        |
| Mr. Essaji Goolam Vahanvati | Member                     | Independent Director    | 2                        |
| Ms. Xiaohui Guan            | Member (w.e.f. 10.03.2022) | Non-Executive Director  | N.A                      |

The average attendance of the members at the CSR Committee meetings during FY 2021-22 was 83.33%.

**Risk Management Committee****Composition of the Risk Management Committee:**

The Risk Management Committee currently comprises of three Directors, out of which Ms. Naina Lal Kidwai, the Chairperson of the Committee is an Independent Director. Mr. Srinivas Sadu, MD & CEO, Mr. Yao Fang, Non-Executive Director and Mr. Ravi Shekhar Mitra, CFO are the members of the Committee. The Company Secretary of the Company is the secretary to the Risk Management Committee.

The composition of the Committee meets the requirements of the Listing Regulations.

**Role of Risk Management Committee:**

- To formulate a detailed risk management policy which shall include:
  - A framework for identification of internal and external risks specifically faced by the Company, in particular financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - Measures for risk mitigation including systems and processes for internal control of identified risks.
  - Business Continuity Plan.
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;
- To coordinate with other committees where there is an overlap of activities with other committees, as per the framework as laid down by the Board of Directors of the Company;
- Review the adequacy and effectiveness of various risk management initiatives of the organisation and approve appropriate risk management framework;
- Provide directions to ensure effective implementation of various risk management practices across the organization;
- Review of Risk Register and Risk Profile (including mitigation plans) of the organisation;
- Establishment of the risk management structure and authorizing roles and responsibilities for key stakeholders;
- Allocating adequate resources for treating critical risks and (or) risk events;
- Monitor and review the risk management plan; and
- Discharge such duties and functions as may be delegated to the Committee by the Board under the applicable laws from time to time.

During the year under review, the Risk Management Committee met on 20<sup>th</sup> July, 2021; 5<sup>th</sup> January, 2022 and 4<sup>th</sup> March, 2022.

**Composition and attendance of Risk Management Committee**

| Name of the Director / Officer | Position  | Category                | No. of Meetings attended |
|--------------------------------|---|-------------------------|--------------------------|
| Ms. Naina Lal Kidwai           | Chairperson (w.e.f. 10.03.2022)<br>Member (w.e.f. 17.05.2021) | Independent Director    | 2                        |
| Mr. Dongming Li                | Chairman (till 10.03.2022)                                    | Non-Executive Director  | 1                        |
| Mr. Srinivas Sadu              | Member  | CEO & Managing Director | 3                        |
| Mr. Yao Fang                   | Member (w.e.f. 10.03.2022)                                    | Non-Executive Director  | N.A                      |
| Mr. Ravi Shekhar Mitra         | Member  | CFO                     | 3                        |

The average attendance of the members at the Risk Management Committee meetings during FY 2021-22 was 75%.

#### ESOP Compensation Committee

##### Composition of the ESOP Compensation Committee:

The ESOP Compensation Committee currently comprises of four Non-Executive Directors, of whom three members including the Chairperson of the Committee are Independent Directors. The Committee is headed by Mr. Satyanarayana Murthy Chavali and has Mr. Essaji Goolam Vahanvati, Mr. Udo J Vetter and Mr. Wu Yifang as its members. The Company Secretary of the Company is the secretary to the ESOP Compensation Committee.

##### Role of ESOP Compensation Committee:

- To act upon and implement the ESOP Scheme, 2019 (Scheme);
- To grant options to employees or Directors of the Company as per the Scheme;

- To formulate from time to time any new Employee Stock Option scheme, subject to the Employee Stock Option Plan, 2019;
- To decide or modify or alter the terms and conditions of any new ESOPS Scheme;
- To take all such other acts, deeds and things as may be required to give effect for effective implementation of ESOP scheme or any other new scheme as may be formulated from time to time;
- To make suggestions or recommendations to the Board of Directors as may be required from time to time about proposal for ESOPS;
- To decide upon eligibility, grant of options, exercising options, ceasing of options, cancellation of options;
- To allot shares to the Grantees upon exercise of their options; and
- To take up any other matter relating to the present and future ESOP Scheme.

During the year under review, the ESOP Compensation Committee met on 5<sup>th</sup> May, 2021; 5<sup>th</sup> July, 2021; 7<sup>th</sup> October, 2021; 21<sup>st</sup> December, 2021 and 10<sup>th</sup> March, 2022.

##### Composition and attendance of ESOP Compensation Committee

| Name of the Director             | Position                   | Category               | No. of Meetings attended |
|----------------------------------|----------------------------|------------------------|--------------------------|
| Mr. Satyanarayana Murthy Chavali | Chairman                   | Independent Director   | 5                        |
| Mr. Essaji Goolam Vahanvati      | Member                     | Independent Director   | 4                        |
| Mr. Udo Johannes Vetter          | Member                     | Independent Director   | 4                        |
| Mr. Dongming Li                  | Member (till 10.03.2022)   | Non-Executive Director | 4                        |
| Mr. Wu Yifang                    | Member (w.e.f. 10.03.2022) | Non-Executive Director | N.A                      |

#### Policies

In pursuance of the Company's policy to adhere to the ethical and governance standards, the Company, has inter-alia, the following polices and codes. All of them are available on the website – [www.glandpharma.com](http://www.glandpharma.com)

| Policy  | Website Link  |
|---|---|
| Policy for Materiality and Disclosure                         | <a href="https://glandpharma.com/investors/corporate_governance">https://glandpharma.com/investors/corporate_governance</a> |
| Policy on Related Party Transactions                          | <a href="https://glandpharma.com/investors/corporate_governance">https://glandpharma.com/investors/corporate_governance</a> |
| Policy on Familiarization programme for Independent Directors | <a href="https://glandpharma.com/investors/corporate_governance">https://glandpharma.com/investors/corporate_governance</a> |
| Board Diversity policy  | <a href="https://glandpharma.com/investors/corporate_governance">https://glandpharma.com/investors/corporate_governance</a> |
| Code of Conduct for Board of Directors and Senior Management  | <a href="https://glandpharma.com/investors/corporate_governance">https://glandpharma.com/investors/corporate_governance</a> |
| Policy on succession planning for Board and Senior Management | <a href="https://glandpharma.com/investors/corporate_governance">https://glandpharma.com/investors/corporate_governance</a> |
| Nomination and Remuneration Policy                            | <a href="https://glandpharma.com/investors/corporate_governance">https://glandpharma.com/investors/corporate_governance</a> |
| Dividend Distribution policy                                  | <a href="https://glandpharma.com/investors/corporate_governance">https://glandpharma.com/investors/corporate_governance</a> |
| Prohibition of Insider Trading Policy                         | <a href="https://glandpharma.com/investors/corporate_governance">https://glandpharma.com/investors/corporate_governance</a> |
| Policy for evaluation of Independent Directors and Directors  | <a href="https://glandpharma.com/investors/corporate_governance">https://glandpharma.com/investors/corporate_governance</a> |
| Policy for determining 'material' subsidiaries                | <a href="https://glandpharma.com/investors/corporate_governance">https://glandpharma.com/investors/corporate_governance</a> |
| Whistle Blower Policy   | <a href="https://glandpharma.com/investors/corporate_governance">https://glandpharma.com/investors/corporate_governance</a> |

#### Vigil Mechanism

The Company, as required under Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014, has established a Vigil Mechanism for their Directors, employees and other stakeholders to report their genuine concerns or grievances either in writing or by email to the Chairman of the Audit Committee.

The Audit Committee of the Company shall oversee the vigil mechanism, which provides for adequate safeguards against victimization of employees and Directors who avail of the vigil mechanism.

All the employees and Directors of the Company are provided direct access to the Chairman of the Audit Committee. No person has been denied access to the Chairman of the Audit Committee.

The said policy has been uploaded on the website of the Company.

#### Share Transfer System

The Company has appointed Link Intime India Private Limited as the Registrar and Share Transfer Agent. In compliance with Regulation 40(9) of the Listing Regulations, the Company obtains a certificate from a Practicing Company Secretary on a half-yearly basis certifying that all certificates have been issued within thirty days of the date of lodgement for transfer, subdivision, consolidation, renewal, exchange or endorsement of calls/allotment monies. A copy of the certificate, so received, is submitted to NSE and BSE stock exchanges. In compliance with Regulation 40 of the Listing Regulations, the Company is not accepting any new request for effecting transfer of securities in physical mode except in the case of transmission or transposition of securities.

#### Monitoring Governance of Subsidiary Companies

Pursuant to Regulation 16(1)(c) of the Listing Regulations, the Company does not have any Material Subsidiaries as on March 31, 2022. The Company has one Wholly subsidiary i.e., Gland Pharma International Pte. Ltd, and one Wholly-owned step down subsidiary i.e., Gland Pharma USA Inc. (incorporated on 7<sup>th</sup> March, 2022).

The minutes of the meetings of the subsidiaries together with a summary of key decisions taken at the Board of the subsidiary companies are placed before the Board of Directors of the Company. The management of the unlisted subsidiaries brings to the notice of the Board of Directors all the significant transactions or arrangement entered into by the unlisted subsidiaries of the Company on a quarterly basis.

#### Unclaimed dividend and transfer of dividend and shares to IEPF

Pursuant to the provisions of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016; as

amended, ('Rules'), the dividend which remains unclaimed or unpaid for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company and shares on which dividends are unclaimed or unpaid for a consecutive period of seven years or more are liable to be transferred to IEPF. The Company does not have any unclaimed dividends till date.

#### Outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity:

During the period under review, there were no outstanding global depository receipts or American depository receipts or warrants or any other convertible instruments and there was no impact on equity.

#### List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year:

The Company has not obtained any credit ratings.

#### Other Disclosures

#### Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large:

During FY 2021-22, there were no materially significant related party transactions ('RPTs') that may have potential conflict with the interests of the Company. All contracts, arrangements and transactions entered by the Company with related parties during FY 2021-22 were in the ordinary course of business and on an arm's length basis.

Prior omnibus approval of the Audit Committee is obtained for related party transactions which are repetitive in nature. In case, any transaction exceeds the limits approved by the Audit Committee or is executed in deviation of the terms approved by the Audit Committee, the transactions are subsequently ratified. All related party transactions are placed before the Audit Committee on a quarterly basis for its review and approval, as applicable. The Board of Directors has approved and adopted "Policy on Related party transactions" and the same is updated from time to time, basis the amendment in the regulatory provision.

#### Details of non-compliance by the listed entity, penalties, strictures imposed on the Company by stock exchange(s) or the SEBI or any statutory authority, on any matter related to capital markets, during the last three years:

The Company has complied with the requirements of the stock exchanges, SEBI and other statutory authorities on all matters related to capital markets since listing of its shares in November, 2020 and accordingly no penalties or strictures were imposed on the Company by the stock exchanges, SEBI or any other statutory authority, other than a fine of ₹15,000/- levied by each of the stock exchanges for delay in filing of Related Party transactions by three days for the Half-year ended 31<sup>st</sup> March, 2021. The Company has duly paid the fine imposed.



## Details of Compliance with mandatory requirements and adoption of non- mandatory requirements.

### Compliance with the mandatory requirements of Corporate Governance as specified in Regulations 17 to 27; clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Listing Regulation:

The Company is in compliance with the mandatory requirements of Corporate Governance as specified in Regulations 17 to 27; clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Schedule V of the Listing Regulations. The Company is in compliance with all the applicable provisions and requirement of Corporate Governance Report.

### Disclosure of commodity price risks and commodity hedging activities:

The cost of raw materials forms a large portion of the Company's operating expenses. The Company monitors the price of key commodities closely and formulates procurement strategies based on actual price movements and trends as well as external regulatory environment. The Company has adequate governance structure to align and review procurement strategies in line with external and internal dynamics. The Company has not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices. Accordingly, no disclosure is required pursuant to SEBI circular dated 15<sup>th</sup> November, 2018.

### Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A):

During FY 2021-22, the Company has not raised funds through Initial Public Offer or any other private placement or preferential offer. However, the Company had allotted 709,800 equity shares of ₹1/- each against the Stock Options exercised by the employees of the Company.

### A Certificate from a Company Secretary in Practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority:

A certificate from a Company Secretary in practice that none of the Directors are disqualified or debarred from being appointed or continuing as a director of the Company by Securities and Exchange Board of India / Ministry of Corporate Affairs or any other authority is provided in **Annexure D** which forms part of this report.

The securities of the Company were not suspended from trading at any time during the year.

The Company does not enter into any derivative instruments for trading or speculative purposes. The details of foreign exchange exposures as on 31<sup>st</sup> March, 2022 are disclosed in Notes to the standalone financial statements.

Details of total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the Statutory Auditor and all entities in the network firm / network entity of which Statutory Auditor is a part, are as follows:

| Type of service            | Year Ended   |              |
|----------------------------|--------------|--------------|
|                            | 2021-22      | 2020-21      |
| Audit and related services | 12.78        | 10.11        |
| Other services             | 19.68        | 5.05         |
| <b>Total</b>               | <b>32.46</b> | <b>15.16</b> |

(₹ in million)

During FY 2021-22, the Board of Directors has accepted all the recommendations of the committees of the Board.

### Disclosures on complaints under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, during FY 2021-22: -

| Particulars   | Number |
|---|--------|
| Number of complaints filed during the financial year            | 3      |
| Number of complaints disposed of during the financial year      | 3      |
| Number of complaints pending as on 31 <sup>st</sup> March, 2022 | 0      |

### Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount:

During the period under review, neither the Company nor any of its Subsidiaries have extended any Loans or advances in the nature of loan to any firms/ companies in which directors are interested.

### Disclosures with respect to demat suspense account/ unclaimed suspense account:

The Company has not transferred any shares to demat suspense account/ unclaimed suspense account.

### Compliance Report on discretionary requirements under Regulation 27(1) of Listing Regulations read with Part E of Schedule II:

**1. Separate post of Chairman and Manning Director & CEO:** The Chairman of the Company, Mr. Yiu Kwan Stanley Lau, is an Independent Director and Mr. Srinivas Sadu is Managing Director & CEO of the Company.

**2.** The auditors' report on financial statements of the Company is unmodified.

**3. Reporting of Internal Auditor:** Internal auditor regularly updates the audit committee on internal audit findings.

### Shareholder Information and Communication:

#### Financial Results :

During the year, financial results were published in the following newspapers: Economic Times (All Editions), Financial Express (All Editions) and in Andhra Prabha (Hyderabad edition). The annual / half yearly / quarterly results were disclosed to the stock exchanges and are also displayed on the Company's website – [www.glandpharma.com](http://www.glandpharma.com)

#### News and Media Release

The official news and media releases are disseminated to stock exchanges and displayed on the Company's website.

#### Earning calls and presentations to Institutional Investors / Analysts :

The Company organises an earnings call with analysts and investors after the announcement of financial results. The transcript and audio recording of the earnings call is also

uploaded on the Company's website as well as filed with the stock exchanges where the securities of the Company are listed.

Presentations made to institutional investors and financial analysts on the financial results is filed with the stock exchanges and uploaded on the Company's website.

#### Compliance reports, corporate announcements, material information and updates:

The Company disseminates the requisite corporate announcements including the Listing Regulation compliances through NSE Electronic Application Processing System (NEAPS) / NSE Digital Portal / BSE Corporate Compliance & Listing Centre. The NEAPS / NSE Digital Portal/ BSE's Listing Centre is a web-based application and periodical filings like shareholding pattern, corporate governance report, financial results, material / price sensitive information, etc. are filed electronically on such designated platforms.

#### Annual Report

The Annual Report for FY 2021-22 is uploaded on the Company's website and will be circulated to members and others entitled thereto in electronic mode. The Annual Report will also be submitted to the stock exchanges.

#### Website

The Company's website contains a separate section for investors. Information on various topics such as the Board of Directors, committees of the Board, Policies, Annual Reports, Intimation to stock exchanges are available on the website of the Company.

### General Body Meetings

Particulars of last three Annual General Meetings:

| AGM              | Year ended | Venue  | Date       | Time      |
|------------------|------------|--|------------|-----------|
| 43 <sup>rd</sup> | 31-03-2021 | Through video conferencing (VC)/ other audio-visual means (OAVM).  | 26.08.2021 | 11.00 A.M |
| 42 <sup>nd</sup> | 31-03-2020 | Sy. No. 143-148, 150 & 151, Near Gandimaisamma 'X' Roads, D.P. Pally, Dundigal, Dundigal-Gandimaisamma (M), Medchal-Malkajgiri Dist, Hyderabad – 500 043 | 21.09.2020 | 11.00 A.M |
| 41 <sup>st</sup> | 31-03-2019 | Sy. No. 143-148, 150 & 151, Near Gandimaisamma 'X' Roads, D.P. Pally, Dundigal, Dundigal-Gandimaisamma (M), Medchal-Malkajgiri Dist, Hyderabad – 500 043 | 30.09.2019 | 11.00 A.M |

The Company did not pass any Special Resolutions in the last three AGMs.

#### Details of voting pattern on the resolutions passed through postal ballot:

- Date of postal ballot notice: 10<sup>th</sup> March, 2022
- Date of declaration of results: 21<sup>st</sup> April, 2022
- Voting period: 22<sup>nd</sup> March, 2022 to 20<sup>th</sup> April, 2022

| Details of the Resolution  | Type of resolution  | No of Votes Polled | Votes cast in favour  |             | Votes cast against  |              |
|--|---------------------|--------------------|-----------------------|-------------|---------------------|--------------|
|  |                     |                    | No of votes in favour | % in favour | No of votes against | % in against |
| 1. Reappointment of Mr. Srinivas Sadu (DIN: 06900659) as Managing Director & CEO of the Company. | Ordinary Resolution | 143,232,306        | 142,467,560           | 99.47%      | 764,746             | 0.53%        |
| 2. Appointment of Mr. Yao Fang (DIN: 09524705) as a Director of the Company.                     | Ordinary Resolution | 143,262,169        | 142,444,989           | 99.43%      | 817,180             | 0.57%        |

- Ms. Dafthardar Soumya, Practicing Company Secretary conducted the postal ballot exercise as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner
- There is no proposal to conduct postal ballot for any matter in the ensuing Annual General Meeting.
- The Company has not passed any special resolution through postal ballot and the resolution passed are ordinary resolutions.

**Procedure for postal ballot:**

In compliance with the Listing Regulations and Sections 108, 110 and other applicable provisions of the Act, read with the Rules framed thereunder and read with the General Circular nos. 14/2020, 17/2020, 02/2021 and 21/2021 dated April 8, 2020; April 13, 2020; January 13, 2021 and December 14, 2021 respectively issued by the Ministry of Corporate Affairs, the Company has provided e-voting facility to all its shareholders, to enable them to cast their votes electronically. The Company engages

the services of NSDL for the purpose of providing such e-voting facility to all its shareholders.

The Company dispatches the postal ballot notices to its shareholders whose names appear on the register of members/list of beneficiaries as on the cut-off date. The postal ballot notice is sent to the shareholders in electronic form to the email IDs registered with the DPs/RTA.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the shareholders as on the cut-off date. Shareholders has to exercise their votes by electronic mode and are requested to vote before close of business hours on the last day of e-voting. The last date specified by the Company for e-voting is deemed to be the date of passing of the resolution.

The scrutinizer submits his / her report to the Chairman of the Board of Directors or any person authorized by him, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced. The results are also displayed on the Company's website: [www.glandpharma.com](http://www.glandpharma.com) besides being communicated to the stock exchanges, depositories and RTA.

**General Shareholder Information:**

|   |   |
|---|---|
| Date, Time and Venue of the AGM   | Tuesday, 30 <sup>th</sup> August, 2022 at 11.00 A.M. The Company is conducting the Annual General Meeting through Video Conferencing / Other Audio-Visual means. For further details please refer to the Notice of AGM. |
| Financial Calendar  | 1 <sup>st</sup> April to 31 <sup>st</sup> March of the next calendar year   |
| Tentative calendar for declaration of Financial Results in FY 2022-23 (Tentative Schedule, subject to change) |   |
| For the quarter ending 30 <sup>th</sup> June, 2022  | 20 <sup>th</sup> July, 2022   |
| For the quarter and half year ending 30 <sup>th</sup> September, 2022   | 26 <sup>th</sup> October, 2022  |
| For the quarter and nine months ending 31 <sup>st</sup> December, 2022  | 23 <sup>rd</sup> January, 2023  |
| For the fourth quarter and financial Year ending 31 <sup>st</sup> March, 2023                                 | 18 <sup>th</sup> May, 2023  |
| Trading window closure for financial results  | From the 1 <sup>st</sup> day from close of every quarter till the completion of 48 hours after the financial results/ UPSI becomes generally available  |
| Date of Book Closure  | Not applicable  |
| Dividend and Dividend Payment Date  | Not Applicable  |

Listing on Stock Exchanges

Stock Code  
Symbol  
ISIN Number for NSDL & CDSL

Equity Shares:

- BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001
- National Stock Exchange of India Limited, Exchange Plaza, Plot no. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051

The Company has paid the requisite annual listing fees to the National Stock Exchange of India Limited and BSE Limited for FY 2022-23.

543245 (BSE)  
GLAND (NSE)  
INE068V01023

**Address for Correspondence:**

**For Individual Investors, Grievance and Secretarial matters**

Sampath Kumar Pallerlamudi  
Company Secretary and Compliance Officer  
Tel: +91 8455699999 | Ext: 1194  
E-mail: [investors@glandpharma.com](mailto:investors@glandpharma.com)

**For Institutional Investors & Financial Analysts**

Sumanta Bajpayee  
Vice President – Investor Relations  
Tel: +91 8455699999 | Ext: 1413  
E-mail: [Sumanta.Bajpayee@glandpharma.com](mailto:Sumanta.Bajpayee@glandpharma.com)

**Corporate Office:**

Plot No. 11 & 84, TSIC, Phase – IV,  
Pashamylaram (V), Patancheru (M),  
Sangareddy District, Hyderabad- 502 307  
Phone: +91-8455-699999

**Registered Office:**

Sy. No. 143 - 148, 150 & 151,  
Near Gandimaisamma 'X' Roads,  
D.P. Pally, Dundigal,  
Dundigal- Gandimaisamma Mandal,  
Medchal-Malkajgiri District,  
Hyderabad, Telangana- 500 043  
Phone: 040- 30510999

**Plant Locations:**

**Formulation Facilities**

- Sy. No. 143-148, 150 & 151, D.P. Pally, Dundigal (Post), Hyderabad – 500 043, Telangana, India

- Unit-I, Plot No.54, 55 & 64 – 68, Phase – III, Industrial Park, Pashamylaram (V), Patancheru (M), Sangareddy District, Hyderabad – 502 307, Telangana, India
- Unit-II, Plot No.42-52, Phase – III, Industrial Park, Pashamylaram (V), Patancheru (M), Sangareddy District Hyderabad – 502 307, Telangana, India
- Unit II, Block C, Phase I, Visakhapatnam Special Economic Zone, Duvvada, Visakhapatnam - 530 046, Andhra Pradesh, India

**API Facilities**

- Sy. No. 143-148, 150 & 151, D.P. Pally, Dundigal (Post), Hyderabad – 500 043 Telangana, India
- Plot No.9, Sy No.542(P), Genome Valley, Kolthur Village, Shamirpet Mandal, Medchal - Malkajgiri District, Hyderabad - 500 078 Telangana, India
- Unit I, Block C, Phase I, Visakhapatnam Special Economic Zone, Duvvada, Visakhapatnam - 530 046 Andhra Pradesh, India
- Plot No.49 & 50, Jawaharlal Nehru Pharmacy, Parawada (M), Visakhapatnam – 531 019 Andhra Pradesh, India

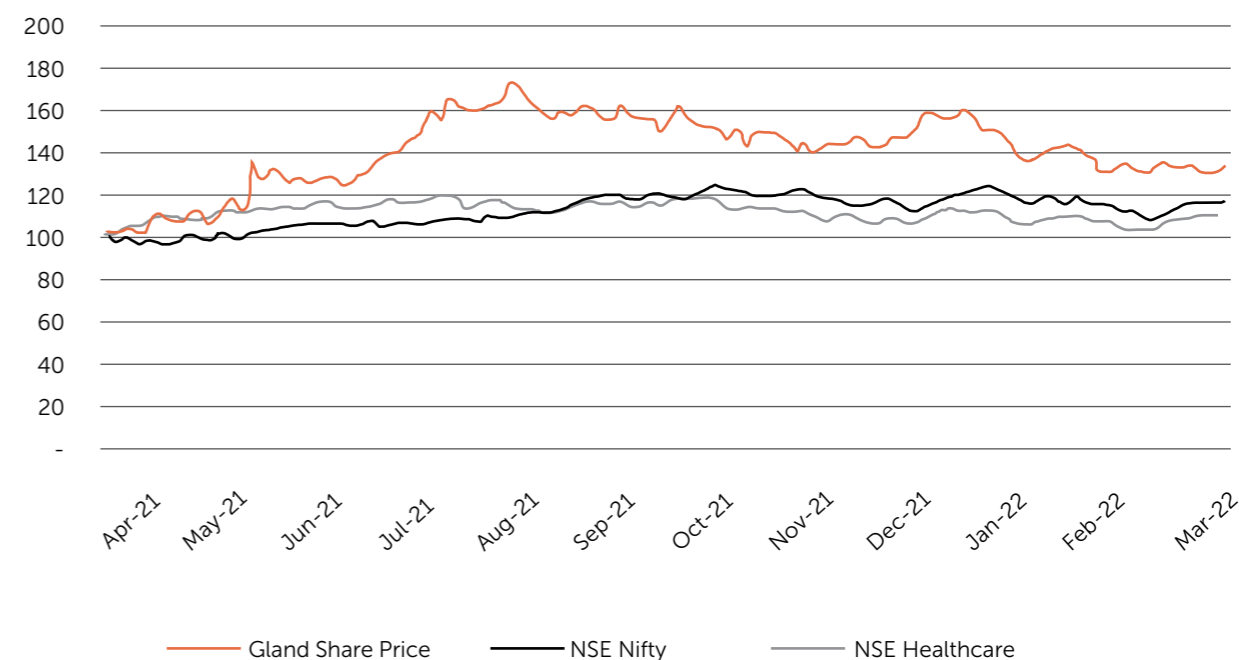
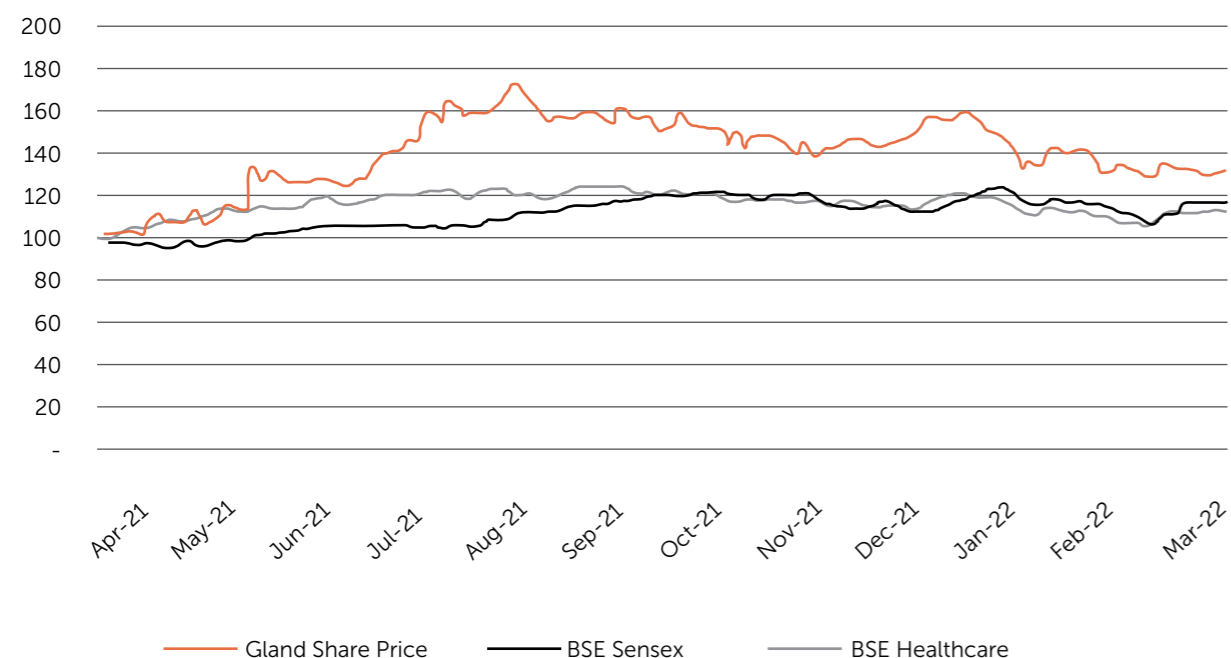


### Persons holding 1% or more of the equity shares of the Company as on 31<sup>st</sup> March, 2022

| Name  | No. of shares | %     |
|---|---------------|-------|
| Fosun Pharma Industrial Pte.Ltd   | 95,293,934    | 58.00 |
| Nicomac Machinery Limited   | 9,551,115     | 5.81  |
| Axis Mutual Fund Trustee Limited and their associates                                 | 6,876,778     | 4.19  |
| R P Advisory Services Private Limited (as trustee of the Empower Discretionary Trust) | 4,291,986     | 2.61  |
| New World Fund INC  | 2,081,000     | 1.27  |
| R P Advisory Services Private Limited (as trustee of the Nilay Discretionary Trust)   | 1,874,500     | 1.14  |

### Market Price Data for the period from 01<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022

| Month of FY 2021-22 | BSE Limited |          |               | National Stock Exchange of India Limited |          |               |
|---------------------|-------------|----------|---------------|--|----------|---------------|
|                     | High        | Low      | Shares traded | High                                     | Low      | Shares traded |
| Apr- 2021           | 2,879.00    | 2,411.00 | 322,164       | 2,873.00                                 | 2,400.00 | 6,380,720     |
| May- 2021           | 3,512.20    | 2,575.00 | 585,544       | 3,514.85                                 | 2,595.00 | 9,934,251     |
| Jun- 2021           | 3,553.75    | 3,009.00 | 285,906       | 3,555.00                                 | 3,013.55 | 5,281,822     |
| Jul- 2021           | 4,180.00    | 3,338.60 | 456,547       | 4,172.00                                 | 3,340.00 | 7,526,574     |
| Aug- 2021           | 4,350.00    | 3,764.00 | 390,716       | 4,350.00                                 | 3,762.00 | 5,545,867     |
| Sep- 2021           | 4,177.95    | 3,605.35 | 575,981       | 4,179.65                                 | 3,604.30 | 4,219,924     |
| Oct- 2021           | 4,074.00    | 3,314.95 | 199,726       | 4,072.00                                 | 3,312.15 | 4,333,051     |
| Nov- 2021           | 3,779.90    | 3,355.50 | 123,722       | 3,730.00                                 | 3,355.00 | 3,679,668     |
| Dec- 2021           | 3,959.00    | 3,491.85 | 898,898       | 3,961.00                                 | 3,492.00 | 3,964,587     |
| Jan- 2022           | 4,060.00    | 3,245.00 | 122,159       | 4,062.95                                 | 3,242.15 | 4,143,937     |
| Feb- 2022           | 3,599.00    | 3,120.10 | 690,218       | 3,598.00                                 | 3,120.00 | 3,631,339     |
| Mar- 2022           | 3,380.00    | 3,126.50 | 103,530       | 3,381.10                                 | 3,129.80 | 3,813,202     |



### Distribution of shareholding as on 31<sup>st</sup> March, 2022 (Class-wise distribution of equity shares)

| Category       | No. of Folios  | % of Total    | No. of shares      | % of Total    |
|----------------|----------------|---------------|--------------------|---------------|
| 1-5000         | 110,484        | 98.60         | 3,658,729          | 2.23          |
| 5001-10000     | 621            | 0.55          | 448,506            | 0.27          |
| 10001-20000    | 325            | 0.29          | 460,991            | 0.28          |
| 20001-30000    | 112            | 0.10          | 277,133            | 0.17          |
| 30001-40000    | 66             | 0.06          | 229,861            | 0.14          |
| 40001-50000    | 52             | 0.05          | 236,095            | 0.14          |
| 50000-100000   | 87             | 0.08          | 615,700            | 0.37          |
| 100001 & above | 304            | 0.27          | 158,375,708        | 96.39         |
| <b>Total</b>   | <b>112,051</b> | <b>100.00</b> | <b>164,302,723</b> | <b>100.00</b> |

### Dematerialisation of Shares and Liquidity

As on 31<sup>st</sup> March, 2022; 158,227,723 shares of the share capital was held in dematerialised form.

Break-up of shares held in physical and dematerialised form as on 31<sup>st</sup> March, 2022:

| Category            | No. of Folios | % of Total | No. of shares | % of Total |
|---------------------|---------------|------------|---------------|------------|
| Physical Mode       | 11            | 0.01       | 6,075,000     | 3.70       |
| Dematerialised Mode | 112040        | 99.99      | 158,227,723   | 96.30      |

### Declaration of Compliance with the Code of Conduct

I hereby confirm that the Company has obtained from all the members of the Board and senior management personnel, affirmation that they have complied with the Code of Conduct laid down by the Company for the financial year ended 31<sup>st</sup> March, 2022.

For **Gland Pharma Limited**

**Date:** May 19, 2022  
**Place:** Hyderabad

**Srinivas Sadu**  
MD & CEO

## Annexure A – Statutory details of Board of Directors

The names and categories of the directors on the Board, their attendance at Board Meetings held during the year under review and at the last Annual General Meeting ("AGM"), name of other listed entities in which the Director is a director and the number of Directorships and Committee Chairmanships/Memberships held by them in other public limited companies as on March 31, 2022 are given herein below. Other directorships do not include directorships of private limited companies, foreign companies and companies registered under Section 8 of the Act. Further, none of them is a member of more than ten committees or chairman of more than five committees across all the public limited companies in which he/she is a director. For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of SEBI Listing Regulations.

| Name                                  | Category                               | No. of Board meeting attended (total held in the FY 2021-22 during tenure) | Attendance at last AGM held on 26 <sup>th</sup> August, 2021 | No. of Directorships held in other Indian Listed companies as on 31 <sup>st</sup> March, 2022 | Name of other listed companies where he/she is a Director (category of Directorship) as on 31 <sup>st</sup> March, 2022   | No. of Committee memberships/Chairpersonships held in other Indian public companies as on 31 <sup>st</sup> March, 2022 |                  |
|---------------------------------------|--|--|--|---|---|--|------------------|
|                                       |  |  |  |   |   | Memberships  | Chairpersonships |
| Mr.Yiu Kwan Stanley Lau               | Independent Director                   | 4  | Yes  | NIL   | NIL   | NIL  | NIL              |
| Mr.Srinivas Sadu                      | MD & CEO                               | 5  | Yes  | NIL   | NIL   | NIL  | NIL              |
| Mr.Qiyu Chen                          | Non-Executive Non-Independent Director | 4  | Yes  | NIL   | NIL   | NIL  | NIL              |
| Mr.Yifang Wu                          | Non-Executive Non-Independent Director | 4  | Yes  | NIL   | NIL   | NIL  | NIL              |
| Mr.Dongming Li#                       | Non-Executive Non-Independent Director | 4  | Yes  | NIL   | NIL   | NIL  | NIL              |
| Ms.Xiaohui Guan                       | Non-Executive Non-Independent Director | 5  | Yes  | NIL   | NIL   | NIL  | NIL              |
| Mr.Udo Johannes Vetter                | Independent Director                   | 4  | Yes  | NIL   | 1. Balaji Amines Limited- Independent Director  | NIL  | NIL              |
| Mr.Satyanarayana Murthy Chavali       | Independent Director                   | 5  | Yes  | 1   | 2. Vijaya Diagnostic Centre Limited- Independent Director   | 3  | 1                |
| Mr.Essaji Goolam Vahanvati            | Independent Director                   | 4  | Yes  | NIL   | NIL   | NIL  | NIL              |
| Dr. Jia Ai (Allen) Zhang <sup>§</sup> | Non-Executive Non-Independent Director | 4  | Yes  | NIL   | NIL   | NIL  | NIL              |
| Ms.Naina Lal Kidwai <sup>§</sup>      | Independent Director                   | 4  | Yes  | 3   | 1. UPL Limited – Independent Director (Appointed as Director on 30 <sup>th</sup> March, 2022)<br>2. Max Financial Services Limited - Independent Director<br>3. Cipla Limited- Independent Director (Resigned with effect from 31 <sup>st</sup> March 2022) | 2  | NIL              |
| Mr.Yao Fang*                          | Non-Executive Non-Independent Director | NA   | NA   | NIL   | NIL   | NIL  | NIL              |

§ Ms.Naina Lal Kidwai and Dr. Jia Ai (Allen) Zhang were appointed as Directors on 17<sup>th</sup> May, 2021.

\* Mr.Yao Fang was appointed as Director w.e.f. 10<sup>th</sup> March, 2022.

# Mr.Li Dongming resigned as Director w.e.f. 10<sup>th</sup> March, 2022.

## Annexure- B

To,  
The Board of Directors  
**Gland Pharma Limited**

**Subject: Compliance Certificate on the financial statements/results (Standalone and Consolidated) for the quarter and year ended March 31, 2022, pursuant to Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements), 2015 as amended (the "Listing Regulations")**

- A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
- these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. To the best of our knowledge and belief, no transactions were entered into by the Company during the year are fraudulent, illegal or violating the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We are not aware of any deficiencies in the design or operation of such internal controls to be disclosed to the auditors and audit committee.
- D. We have indicated to the auditors and the Audit committee:
- there are no significant changes in internal controls over financial reporting during the year;
  - there are no significant changes in accounting policies during the year; and
  - there are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Yours truly,

**Srinivas Sadu,**  
Managing Director & CEO  
May 18, 2022

**Ravi Shekhar Mitra**  
Chief Financial Officer  
May 18, 2022



## Annexure- C

### CERTIFICATE OF CORPORATE GOVERNANCE

Under Regulation 34(3) read with Schedule V (E) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended

To,  
The Members of  
**Gland Pharma Ltd.**  
Hyderabad

We have examined all the relevant records of **Gland Pharma Ltd** (the Company) for the purpose of certifying the compliance of the conditions of Corporate Governance by the Company as stipulated under Regulation 17 to 27, Clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('SEBI Listing Regulations') for the period commencing from **01<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022**. We have obtained all the information and explanations which are to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the Management of the Company. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the Financial Year ended on 31<sup>st</sup> March, 2022.

This Certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For **RVR & Associates**  
Company Secretaries  
PR No. P2015TL082000

**GVS Ravi Kumar**  
Associate Partner  
FCS No. 8529 CP. No.17178  
PR No. 1242/2021  
UDIN: F008529D000350717

Date: 19.05.2022  
Place: Hyderabad

## Annexure- D

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of  
**Gland Pharma Limited**

Sy.No.143-148,150 &151, Near Gandimaisamma 'X' Roads, D.P.pally,  
Dundigal, Dundigal - Gandimaisamma(M),  
Medchal-Malkajgiri District, Telangana - 500 043

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Gland Pharma Limited having CIN: L24239TG1978PLC002276 and having registered office at Sy.No.143-148,150 &151,Near Gandimaisamma 'X' Roads, D.P.Pally, Dundigal, Dundigal - Gandimaisamma(M), Medchal-Malkajgiri District, Telangana -500 043 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| S. No. | Name of Directors            | DIN      | Date of Appointment in the Company |
|--------|------------------------------|----------|------------------------------------|
| 1.     | NAINA LAL KIDWAI             | 00017806 | 17/05/2021                         |
| 2.     | SATYANARAYANA MURTHY CHAVALI | 00142138 | 20/11/2018                         |
| 3.     | ESSAJI GOOLAM VAHANVATI      | 00157299 | 30/09/2020                         |
| 4.     | UDO JAHANNES VETTER          | 00707474 | 07/02/2018                         |
| 5.     | SRINIVAS SADU                | 06900659 | 25/04/2019                         |
| 6.     | QIYU CHEN                    | 07675421 | 03/10/2017                         |
| 7.     | XIAOHUI GUAN                 | 07675466 | 03/10/2017                         |
| 8.     | YIFANG WU                    | 07675478 | 10/10/2020                         |
| 9.     | YIU KWAN STANLEY LAU         | 08455325 | 10/06/2019                         |
| 10.    | JIA AI ZHANG                 | 09170927 | 17/05/2021                         |
| 11.    | YAO FANG                     | 09524705 | 10/03/2022                         |

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **RVR & Associates**  
Company Secretaries  
PR No. P2015TL082000

**GVS Ravi Kumar**  
Associate Partner  
FCS No. 8529 CP. No.17178  
PR No. 1242/2021  
UDIN: F008529D000305641

Date: 11/05/2022  
Place: Hyderabad

# Directors' Report

Dear Members,

Your Directors take pleasure in presenting the 44<sup>th</sup> Annual Report on the performance of the Company, along with the audited Standalone and Consolidated Financial Statements for the Year ended 31<sup>st</sup> March, 2022.

## CORPORATE AFFAIRS & FINANCIAL HIGHLIGHTS

### Financial Highlights

| Particulars   | (₹ in Mn)                           |                                       |                                     |                                       |
|---|-------------------------------------|---------------------------------------|-------------------------------------|---------------------------------------|
|   | Standalone<br>Year Ended<br>2021-22 | Consolidated<br>Year Ended<br>2021-22 | Standalone<br>Year Ended<br>2020-21 | Consolidated<br>Year Ended<br>2020-21 |
| Income  | 46,246.48                           | 46,246.46                             | 35,976.52                           | 35,976.52                             |
| Profit Before Interest, Depreciation and Tax                              | 17,345.79                           | 17,340.90                             | 14,370.43                           | 14,370.01                             |
| Finance cost  | (52.40)                             | (52.42)                               | (34.11)                             | (34.11)                               |
| <b>Profit Before Depreciation and Tax</b>                                 | <b>17,293.39</b>                    | <b>17,288.48</b>                      | <b>14,336.32</b>                    | <b>14,335.90</b>                      |
| Depreciation  | (1,102.96)                          | (1,102.96)                            | (987.80)                            | (987.80)                              |
| <b>Profit Before Exceptional Items and Tax</b>                            | <b>16,190.43</b>                    | <b>16,185.52</b>                      | <b>13,348.52</b>                    | <b>13,348.10</b>                      |
| Exceptional Items   | -                                   | -                                     | -                                   | -                                     |
| <b>Profit Before Tax</b>  | <b>16,190.43</b>                    | <b>16,185.52</b>                      | <b>13,348.52</b>                    | <b>13,348.10</b>                      |
| <b>Provision for Taxation</b>   |                                     |                                       |                                     |                                       |
| Current tax   | (3,958.83)                          | (3,958.83)                            | (3,394.46)                          | (3,394.46)                            |
| Deferred tax  | (140.08)                            | (140.08)                              | (1.20)                              | (1.20)                                |
| Taxes for earlier years   | 30.03                               | 30.03                                 | 17.19                               | 17.19                                 |
| <b>Profit After Tax</b>   | <b>12,121.55</b>                    | <b>12,116.64</b>                      | <b>9,970.05</b>                     | <b>9,969.63</b>                       |
| Less : Total other Comprehensive Income / (Loss) for the year, net of tax | (3.85)                              | (4.58)                                | (8.71)                              | (8.72)                                |
| <b>Total Comprehensive Income for the year, net of tax</b>                | <b>12,117.70</b>                    | <b>12,112.06</b>                      | <b>9,961.34</b>                     | <b>9,960.91</b>                       |
| Earnings Per Share (₹)  |                                     |                                       |                                     |                                       |
| (for Equity share of ₹1/- each)   |                                     |                                       |                                     |                                       |
| Basic   | 73.84                               | 73.81                                 | 63.07                               | 63.07                                 |
| Diluted   | 73.67                               | 73.64                                 | 62.99                               | 62.99                                 |

### Annual Return [Section 134(3)(a)]

The Annual Return of the Company as on March 31, 2022 is available on the Company's website and can be accessed at [https://glandpharma.com/investors/investors\\_annual\\_report](https://glandpharma.com/investors/investors_annual_report)

### Meetings of the Board of Directors [Section 134(3)(b)]

During the year under review, the Board of Directors met 5 times on 17<sup>th</sup> May, 2021; 21<sup>st</sup> July, 2021; 22<sup>nd</sup> October, 2021; 21<sup>st</sup> January, 2022 and 10<sup>th</sup> March, 2022.

### Directors' Responsibility Statement [Section 134(3)(c) and 134(5)]

In terms of Section 134(3)(c) and 134(5) of the Companies Act, 2013 your directors state that:

a) in preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2022; the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;

- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2022 and of the profit of the Company for the year ended on that date;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the annual accounts on a going concern basis;
- e) they have laid down proper internal financial controls to be followed by the Company and that such internal financial controls were adequate and operating effectively; and
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

### Declaration by Independent Directors [Section 134(3)(d)]

All the Independent Directors of the Company have given declarations confirming that they continue to meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and are in compliance with Rule 6(3) of the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, they have affirmed compliance with the Code of conduct laid down under Schedule IV of the Companies Act, 2013.

### Opinion of the Board [Rule 8(5)(iii) of Companies (Accounts) Rules, 2014]

The Board opines that all the Independent Directors of the Company strictly adhere to corporate integrity, possess the requisite expertise, experience and qualifications to discharge the responsibilities as an Independent Director as mandated by the Companies Act, 2013 and the Rules made thereunder and by the SEBI Regulations.

All the independent Directors of your Company have been registered and are members of the Independent Directors Databank maintained by the Indian Institute of Corporate Affairs (IICA). Four Independent Directors were already granted exemption from appearing for the Online Proficiency Self-Assessment test conducted by IICA. One Independent Director will appear for the online Proficiency Self-Assessment test before the due date.

### Company's policy on Directors' appointment and remuneration and Criteria for determining qualifications, Positive Attributes and Independence of a Director [Section 134(3)(e)]

The Company has constituted a Nomination and Remuneration Committee which has been entrusted the responsibility of selecting and recommending the appointment and remuneration of Directors. The Committee while making appointments and fixing the remuneration of Directors will take into consideration the following:

- their qualification
- past record, especially their credentials and achievements, experience, past remuneration
- job profile and suitability
- comparative remuneration with the industry in line with the size and profits of the Company
- their pecuniary relationship with the promoters.

Further, the Nomination and Remuneration Committee also, while recommending and appointing independent Directors will evaluate the following:

- their qualification

b) credentials, past experience in the fields of finance, management, technology, taxation and other related fields

c) expertise in similar industry

d) confirmation from the Internal Auditors that there is no pecuniary relationship with the Company or other parties in terms of Section 149(6) of the Companies Act, 2013.

The terms and conditions for appointment of Independent Directors and the Code of Conduct of the Board of Directors and Senior Management Personnel are available on the Company's website and can be accessed at [https://glandpharma.com/investors/corporate\\_governance](https://glandpharma.com/investors/corporate_governance)

### Audit Reports [Section 134(3)(f)]

The Independent Auditor's Report on Standalone Financial Statements and Consolidated Financial Statements given by M/s. S.R. Batliboi & Associates, LLP, Statutory Auditors of the Company does not contain any qualifications, reservations or adverse remarks.

The Secretarial Audit Report issued by M/s. RVR & Associates, Company Secretaries does not contain any qualifications, reservations or adverse remarks.

The Company has undertaken an audit for the Financial Year ended March 31, 2022 for all applicable compliance as per the Securities and Exchange Board of India Regulations and Circulars / Guidelines issued thereunder. The Annual Secretarial Compliance Report issued by M/s. RVR & Associates, Company Secretaries was submitted to the Stock Exchanges within 60 days of the end of the Financial Year and the same is available on the websites of the Stock Exchanges and the Company and can be accessed at <https://glandpharma.com/images/SecretarialComplianceReportReg24A31032022.pdf>

### Frauds reported by Auditors [Section 134(3)(ca)]

The Statutory Auditors did not report any frauds during the financial year under review under Section 143(12).

### Particulars of Loans, Guarantees and Investments [Section 134(3)(g)]

During the year under review, the Company did not extend any Loans or Guarantees as covered under the provisions of Section 186 of the Companies Act, 2013. The Company has further invested US\$ 1,000,000/- (USD One Million) in its Wholly-owned Subsidiary incorporated in Singapore i.e., Gland Pharma International Pte. Ltd. The details are also provided in Note No.8 to the standalone financial statements.

Gland Pharma USA, Inc. a step-down subsidiary (Subsidiary of Gland Pharma International Pte. Ltd.) was incorporated in the US during the year under review.

The Company had deposited an amount of ₹2,000 Mn with HDFC Ltd during the year under review.



### Particulars of contracts with Related Parties [Section 134(3)(h)]

The Company's transactions with Related Parties are at arm's length and were in the ordinary course of business only. The Company does not have any related party transactions, which may have potential conflict with the interests of the Company. All Related Party transactions have been reported in Notes to Accounts and do not cover under the provisions of Section 188(1) of the Companies Act, 2013 read with Rules made thereunder.

The details of the Related Party transactions were provided in **Annexure D** to this Report. The policy on materiality of Related Party transactions and on dealing with Related Party transactions as approved by the Board of Directors is available on the Company's website and can be accessed at [https://glandpharma.com/investors/corporate\\_governance](https://glandpharma.com/investors/corporate_governance). Members may refer to Note 40 to the Standalone Financial Statement which sets out related party disclosures pursuant to Ind AS.

### Company Affairs [Section 134(3)(i)]

#### Research and Development

R&D is another focus area for Gland. Led by Dr. C.S. Venkatesan and Dr. S. Sridevi, each with over 2 decades of experience, Gland has a team of close to 300 scientists working in the areas of:

- Formulation Development
- Analytical Method Development
- API Process Development
- Stability Studies, etc.

### Financial Highlights [Rule 8(5)(i) of Companies (Accounts) Rules, 2014]

#### Performance and Operations Review

During the year, the total income of the Company was ₹46,246.48 million as against ₹35,976.52 million during the previous year reflecting a growth of 28.55%.

#### Exports

Exports contribution to the revenue of the Company is approximately 80.30%. Your Company exports to almost 60 countries across 6 continents. During the year, the Company has achieved an export turnover of ₹35,206.32 Mn.

#### Domestic Operations

The Domestic sales during the year 2021-22 amounts to ₹8,635.13 Mn. Domestic sales include Co-Marketing, a major revenue source for your Company in the Domestic segment.

#### Taxation

The Company has made an Income Tax provision of ₹3,958.83 Mn for the period under review as against ₹3,394.46 Mn for the previous year.

### Borrowings

The Company has no outstanding borrowings as on date of this Report. However, outstanding amount of Deferred Sales tax amounting to ₹39.33 Mn was classified as borrowings as per Indian Accounting Standards.

### Capital Expenditure

During the year under review, the Company has incurred capital expenditure of ₹5,113.27 Mn at its manufacturing facilities at Dundigal, Pashamylaram, Shamirpet, VSEZ and Pharmacy and an amount of ₹107.92 Mn for purchase of other intangibles.

### Share Capital

During the year under review, the Company has issued and allotted 7,09,800 fully paid-up equity shares to its employees under the Employee Stock Option Scheme, 2019. Consequently, the issued, subscribed and paid-up share capital of the Company was increased from ₹163,592,923/- (divided into 163,592,923 equity shares of ₹1/- each) to ₹164,302,723/- (divided into 164,302,723 equity shares of ₹1/- each). The equity shares issued under the Employee Stock Option Scheme, 2019 rank pari-passu with the existing equity shares of the Company.

### General Reserve [Section 134(3)(j)]:

During the financial year under review, no amount was transferred to General Reserve.

### Dividends [Section 134(3)(k)]

The Board of Directors does not recommend dividend for this year. The Company is in compliance with its Dividend Distribution policy as approved by the Board. In compliance with the requirements under Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; the policy is annexed as **Annexure A** to this Report.

### Material Changes and commitments [Section 134(3)(l)]

There were no material changes occurred or commitments made by the management from the end of the financial year till the date of this report, which may affect the financial position of the Company.

### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Out go [Section 134(3)(m)]

Particulars as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are provided as **Annexure G** to this Report.

### Employee Stock Option Scheme

The Company has an Employee Stock Option Scheme, namely 'Gland Pharma Employee Stock Option Scheme, 2019' (ESOP Scheme, 2019) that helps the Company to retain and attract the right talent. The ESOP Compensation Committee administers the ESOP Scheme. There was no change in the ESOP Scheme during the year under review. The ESOP Scheme is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (SBEB Regulations). Details of the Employee Stock Option Scheme-2019 have also been provided in Note No. 38 of the standalone financial statement. During FY 2021-22, no employee was issued options equal to or exceeding 1% of the issued share capital of the Company at the time of grant.

In compliance with the requirements of the SBEB Regulations, a certificate from Secretarial auditor confirming implementation of ESOP Scheme in accordance with the said regulations and shareholder's resolution will be available electronically for inspection by the members during the annual general meeting of the Company and the same is available at [https://glandpharma.com/investors/investors\\_annual\\_report](https://glandpharma.com/investors/investors_annual_report).

The details of stock options are as mentioned in **Annexure H** and forms part of this Report. Further, the details of this stock options stated in the notes to accounts of the financial statements also forms part of this annual report.

### Risk Management [Section 134(3)(n)]

The Board of Directors of the Company has constituted a Risk Management Committee, which oversees the Enterprise Risk Management process. The Committee shall meet as and when required and atleast twice in a year. The Audit Committee has additional oversight in the area of financial risks and controls.

The Company has formulated a Risk Management policy. Risks are classified in different categories such as Financial, Operational, Legal and Strategic risks. These risks are reviewed from time to time and controls are put in place with the specific responsibility of the concerned Officer of the Company. However, the Board could not identify any major risks, which may threaten the immediate existence of the Company.

### Corporate Social Responsibility [Section 134(3)(o)]

The Company had constituted a 'Corporate Social Responsibility Committee' to decide upon and implement the Corporate Social Responsibility Policy (CSR policy) of the Company.

The brief outline of the Corporate Social Responsibility (CSR) policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in **Annexure- E** to this Report in the format prescribed in the Companies (CSR policy) Rules, 2014.

The Corporate Social Responsibility policy of the Company can be accessed at [https://glandpharma.com/investors/corporate\\_governance](https://glandpharma.com/investors/corporate_governance)

### Board Evaluation [Section 134(3)(p)]

The evaluation of all the Directors including the Chairman, the MD & CEO and the Board as a whole was carried out based on the criteria and framework approved by the Nomination and Remuneration Committee. A detailed disclosure on the parameters and the process of Board evaluation as well as the outcome has been provided in the Report on Corporate Governance.

The policy on evaluation of Independent Directors and Directors of the Company can be accessed at [https://glandpharma.com/investors/corporate\\_governance](https://glandpharma.com/investors/corporate_governance)

### Nature of business [Rule 8(5)(ii) of Companies (Accounts) Rules, 2014]

Gland Pharma is engaged in the development, manufacture, sale and distribution of Pharmaceuticals. There was no change in the nature of the business of the Company during the financial year under review.

### Change in the Directors or Key Managerial Personnel [Rule 8(5)(iii) of Companies (Accounts) Rules, 2014]

#### Directors

During the year under review, the following are the changes made in the constitution of the Board of Directors of the Company.

- Pursuant to the provisions of Sections 149,150 and 152 of the Companies Act, 2013 and the recommendation of the Nomination and Remuneration Committee, the Board of Directors appointed Ms. Naina Lal Kidwai as an Additional Director and Independent Director for a period of five years on 17<sup>th</sup> May, 2021. The Members of the Company had approved the appointment of Ms. Naina Lal Kidwai as an Independent Director (change in designation from Additional Director to Director) in the Annual General Meeting held on 26<sup>th</sup> August, 2021, through e-voting.
- Pursuant to the provisions of Sections 149 and 152 of the Companies Act, 2013 and the recommendation of the Nomination and Remuneration Committee, the Board of Directors appointed Dr. Allen Zhang as an Additional Director on 17<sup>th</sup> May, 2021. The Members of the Company had approved the appointment of Dr. Allen Zhang as a Director liable to retire by rotation (change in designation from Additional Director to Director) in the Annual General Meeting held on 26<sup>th</sup> August, 2021, through e-voting.
- Pursuant to the provisions of Sections 149 and 152 of the Companies Act, 2013 and the recommendation of the Nomination and Remuneration Committee, Mr. Yao Fang was appointed as additional Director on 10<sup>th</sup> March, 2022. The Members of the Company approved appointment of Mr. Yao Fang as Non-Executive Director (change in designation from Additional Director to Director) through Postal Ballot on 20<sup>th</sup> April, 2022.

(iv) Mr. Dongming Li resigned as Director with effect from 10<sup>th</sup> March, 2022 consequent to his decision to peruse better opportunities outside Fosun Pharma. He confirmed that there were no other material reasons for his resignation.

(v) Mr. Srinivas Sadu was re-appointed as Managing Director and CEO of the Company for a further period of 5 (five) years with effect from 25<sup>th</sup> April, 2022 to 24<sup>th</sup> April, 2027, through Postal Ballot on 20<sup>th</sup> April, 2022.

**Key Managerial Personnel:** There was no change in the Key Managerial Personnel during the year under review.

### Subsidiaries and Associates [Rule 8(5)(iv) of Companies (Accounts) Rules, 2014]

During the year under review, Gland Pharma International Pte. Ltd., a Wholly-owned Subsidiary of the Company has incorporated a wholly subsidiary company 'Gland Pharma USA Inc.' in USA on 7<sup>th</sup> March, 2022.

Gland Pharma Limited is a subsidiary of Fosun Pharma Industrial Pte. Ltd., a Singapore Company, which holds approximately 58.00% of the shareholding in Gland Pharma Limited.

Details of the subsidiary are set out as **Annexure B** to this Report. Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014; a statement containing salient features of the financial statement of the subsidiary in Form AOC-1 is provided as **Annexure C** to the Directors' Report. The consolidated financial statements presented in this annual report include financial results of the subsidiary.

Copies of the financial statements of the subsidiary are accessible at <https://glandpharma.com/investors/financials>

### Deposits [Rule 8(5)(v) of Companies (Accounts) Rules, 2014]

The Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014. There are no unpaid or unclaimed deposits as the Company had never accepted deposits within the meaning of the Act and the rules made thereunder.

### Significant and Material Orders [Rule 8(5)(vii) of Companies (Accounts) Rules, 2014]

No significant or material orders were passed by the regulators or courts or tribunals which could impact the 'going concern' status and the future operations of the Company.

### Internal Financial controls [Rule 8(5)(viii) of Companies (Accounts) Rules, 2014]

The Company appointed M/s. Y. Raghuram & Co., Chartered Accountants as Internal Auditors of the Company. The Company has laid down an adequate system of internal

controls, policies and procedures for ensuring orderly and efficient conduct of the business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures.

The current system of internal financial controls is aligned with the statutory requirements. Effectiveness of internal financial controls is ensured through management reviews, controlled self-assessment and independent testing by the Internal Audit team.

### Maintenance of Cost records [Rule 8(5)(ix) of Companies (Accounts) Rules, 2014]

The Company has been maintaining Cost records as required under the provisions of the Companies Act, 2013.

### Disclosure under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 [Rule 8(5)(x) of Companies (Accounts) Rules, 2014]

The Company has in place a policy on Prevention, Prohibition and Redressal of Sexual Harassment at Workplace in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. The policy has set guidelines on the redressal and enquiry process that is to be followed by complainants and the ICC, whilst dealing with issues related to sexual harassment at the work place. All women employees (permanent, temporary, contractual and trainees) are covered under this policy.

The Company has received three complaints during the year and appropriate action was taken against the accused. There are no pending complaints as at the end of the financial year.

### Proceedings pending under the Insolvency and Bankruptcy Code, 2016 [Rule 8(5)(xi) of Companies (Accounts) Rules, 2014]

No application has been made or any proceeding is pending under the Insolvency and Bankruptcy Code, 2016.

### Difference in Valuation [Rule 8(5)(xii) of Companies (Accounts) Rules, 2014]

The Company has never made any One Time Settlement against the Loans obtained from Banks and Financial institutions and hence this clause is not applicable.

### Statement of deviations or variations [Regulation 32(4) of SEBI LODR]

The proceeds from the Initial Public Offer of the Company have been utilized for the purposes for which the proceeds were raised and there were no deviations or variations thereunder. The Company has been filing the Monitoring Agency Reports

issued by Axis Bank Limited, on a quarterly basis, with the Stock Exchanges on which the Company's shares are listed.

### Management Discussion and Analysis Report

The Management Discussion and Analysis Report for the year under review, as required under Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is presented in a separate section in this Report.

### Business Responsibility Report

Pursuant to Regulation 34 of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; the Business Responsibility Report (BRR) is presented in a separate section in this Report.

### Vigil Mechanism [Section 177(9) and 177(10)]

The Company, as required under Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014, has established a Vigil Mechanism for its Directors, employees and other stakeholders to report their genuine concerns or grievances either in writing or by email to the Chairman of the Audit Committee.

The Audit Committee of the Company shall oversee the vigil mechanism, which provides for adequate safeguards against victimisation of employees and Directors who avail of the vigil mechanism.

All the employees and Directors of the Company are provided direct access to the Chairman of the Audit Committee.

### Secretarial Standards

The Company has complied with the applicable Secretarial Standards i.e., SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively.

During the year under review, the Audit Committee met four times on 17<sup>th</sup> May, 2021; 21<sup>st</sup> July, 2021; 22<sup>nd</sup> October, 2021 and 21<sup>st</sup> January, 2022.

| Composition and attendance of Audit Committee |          |                        |                          |
|---|----------|------------------------|--------------------------|
| Name of the Director                          | Position | Category               | No. of Meetings attended |
| Mr. Satyanarayana Murthy Chavali              | Chairman | Independent Director   | 4                        |
| Mr. Essaji Goolam Vahanvati                   | Member   | Independent Director   | 4                        |
| Ms. Xiaohui Guan                              | Member   | Non-Executive Director | 4                        |

Mr. Srinivas Sadu, Managing Director & CEO, Mr. Ravi Shekhar Mitra, CFO and Mr. Wu Rong, Financial Controller of the Company are the Special invitees to every Audit Committee Meeting.

### Auditors

#### Statutory Auditors

M/s. S.R. Batliboi & Associates, LLP, Chartered Accountants, Hyderabad were appointed as Statutory Auditors of the Company to hold office from the conclusion of the 40<sup>th</sup> Annual General Meeting to the conclusion of the Annual General Meeting for the financial year 2022-23.

#### Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made thereunder, the Company has appointed RVR & Associates, Company Secretaries to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed as **Annexure-F** to this Report.

### Committees of the Board of Directors

#### a) Audit Committee [Section 177]

The primary objective of the Audit Committee of the Company is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and the transparency, integrity and quality of financial reporting.

The Audit Committee will review periodically the internal control systems, scope of audit including the observations of auditors, if any and review the half yearly and annual financial statements before submission to the Board and also ensures compliance with internal control system.

The terms of reference of the Committee are wide enough to cover matters specified for Audit Committees under Section 177 of the Companies Act, 2013.



**b) Nomination and Remuneration Committee [Section 178]**

The purpose of the Remuneration Committee of the Company shall be to discharge the Board's responsibilities relating to remuneration of the Company's Executive Directors. The Committee has overall responsibility for formulating the criteria for determining qualifications and independence of a Director and recommends to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

During the year under review, the Nomination and Remuneration Committee met three times on 14<sup>th</sup> May, 2021, 20<sup>th</sup> July, 2021 and 10<sup>th</sup> March, 2022.

**Composition and attendance of Nomination and Remuneration Committee**

| Name of the Director             | Position                      | Category               | No. of Meetings attended |
|----------------------------------|-------------------------------|------------------------|--------------------------|
| Mr. Satyanarayana Murthy Chavali | Chairman                      | Independent Director   | 3                        |
| Mr. Essaji Goolam Vahanvati      | Member                        | Independent Director   | 3                        |
| Mr. Udo Johannes Vetter          | Member                        | Independent Director   | 2                        |
| Mr. Dongming Li                  | Member<br>(till 10.03.2022)   | Non-Executive Director | 2                        |
| Mr. Wu Yifang                    | Member<br>(w.e.f. 10.03.2022) | Non-Executive Director | NA                       |

**c) Corporate Social Responsibility (CSR) Committee [Section 135]**

The Company has constituted the 'Corporate Social Responsibility Committee' for formulating and recommending to the Board of Directors a Corporate Social Responsibility Policy for the Company, which shall indicate the activities to be undertaken by the Company as specified in the Companies Act, 2013 and the rules made thereunder.

The Corporate Social Responsibility Committee recommends the amount of expenditure to be incurred by the Company on CSR activities and monitor the Corporate Social Responsibility Policy of the Company from time to time.

During the year under review, the Corporate Social Responsibility Committee met two times on 14<sup>th</sup> May, 2021 and 16<sup>th</sup> March, 2022.

**Composition and attendance of Corporate Social Responsibility Committee**

| Name of the Director        | Position                      | Category                | No. of Meetings attended |
|-----------------------------|-------------------------------|-------------------------|--------------------------|
| Mr. Srinivas Sadu           | Chairman                      | Managing Director & CEO | 2                        |
| Mr. Li Dongming             | Member<br>(till 10.03.2022)   | Non-Executive Director  | 1                        |
| Mr. Essaji Goolam Vahanvati | Member                        | Independent Director    | 2                        |
| Ms. Xiaohui Guan            | Member<br>(w.e.f. 10.03.2022) | Non-Executive Director  | N.A                      |

**d) Stakeholders' Relationship and Share Transfer Committee**

The Company has constituted the 'Stakeholders' Relationship and Share Transfer Committee' for resolving the grievances of the security holders of the Company including complaints related to transfer / transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, notice for general meetings, etc. and for review of measures taken for effective exercise of voting rights by shareholders.

During the year under review, the Stakeholders' Relationship and Share Transfer Committee met four times on 14<sup>th</sup> May, 2021; 20<sup>th</sup> July, 2021; 22<sup>nd</sup> October, 2021 and 21<sup>st</sup> January, 2022.

**Composition and attendance of Stakeholders' Relationship and Share Transfer Committee**

| Name of the Director             | Position                      | Category                | No. of Meetings attended |
|----------------------------------|-------------------------------|-------------------------|--------------------------|
| Mr. Satyanarayana Murthy Chavali | Chairman                      | Independent Director    | 4                        |
| Mr. Srinivas Sadu                | Member                        | Managing Director & CEO | 3                        |
| Mr. Li Dongming                  | Member<br>(till 10.03.2022)   | Non-Executive Director  | 4                        |
| Mr. Yao Fang                     | Member<br>(w.e.f. 10.03.2022) | Non-Executive Director  | N.A                      |

**e) Risk Management Committee**

The Company has constituted the 'Risk Management Committee' for fulfilling the Board of Directors' corporate governance oversight responsibilities with regard to the identification, evaluation and mitigation of strategic, operational, and external environment risks. The Committee shall undertake an overall responsibility for monitoring and approving the enterprise risk management framework and associated practices of the Company.

During the year under review, the Risk Management Committee met three times on 20<sup>th</sup> July, 2021; 05<sup>th</sup> January, 2022 and 04<sup>th</sup> March, 2022.

**Composition and attendance of Risk Management Committee**

| Name of the Director/Officer | Position                        | Category                | No. of Meetings attended |
|------------------------------|---------------------------------|-------------------------|--------------------------|
| Ms. Naina Lal Kidwai         | Chairman<br>(w.e.f. 10.03.2022) | Independent Director    | 2                        |
|                              | Member<br>(w.e.f. 17.05.2021)   |                         |                          |
| Mr. Dongming Li              | Chairman<br>(till 10.03.2022)   | Non-Executive Director  | 1                        |
| Mr. Srinivas Sadu            | Member                          | CEO & Managing Director | 3                        |
| Mr. Yao Fang                 | Member<br>(w.e.f. 10.03.2022)   | Non-Executive Director  | N.A                      |
| Mr. Ravi Shekhar Mitra       | Member                          | CFO                     | 3                        |

**Details of remuneration to Executive Directors and KMPs**

| Name of the Director   | ₹ in million |            |      |             |        |        |
|------------------------|--------------|------------|------|-------------|--------|--------|
|                        | Salary       | Commission | PF   | Perquisites | Others | Total  |
| Mr. Srinivas Sadu      | 60.86        | -          | 2.45 | -           | 60.27* | 123.58 |
| Mr. Ravi Shekhar Mitra | 14.53        | -          | 0.62 | -           | -      | 15.15  |
| Mr. P. Sampath Kumar   | 4.41         | -          | 0.20 | -           | 0.50#  | 5.11   |

\*Others include special bonus and stock options granted during FY 2019-20, which were vested over a period of 3 years.

# Others include Stock options granted during FY 2019-20 which were vested over a period of 3 years

**Non-Executive Directors**

The Company does not pay any remuneration to Non-Executive Directors.

**Independent Directors**

The Independent Directors of the Company would be paid Commission on the profits of the Company, apart from Sitting fee for attending the Board Meetings. The details of the remuneration paid to the Independent Directors are as follows:

| Name of the Director             | ₹ in million |              |       |
|----------------------------------|--------------|--------------|-------|
|                                  | Commission   | Sitting Fees | Total |
| Mr. Yiu Kwan Stanley Lau         | 4.57         | 0.40         | 4.97  |
| Mr. Satyanarayana Murthy Chavali | 2.50         | 0.50         | 3.00  |
| Mr. Essaji Goolam Vahanvati      | 2.50         | 0.40         | 2.90  |
| Ms. Naina Lal Kidwai             | 10.0         | 0.40         | 10.40 |
| Mr. Udo J Vetter                 | 2.50         | 0.40         | 2.90  |

**Corporate Governance**

In compliance with Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; a separate report on Corporate Governance for the year under review is included as a separate section of this Report.

A certificate from M/s. RVR & Associates, practicing Company Secretaries confirming compliance with the conditions of corporate governance, as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to the Report on Corporate Governance.

## Human Resources

The Company continues to have cordial and harmonious relationship with its employees. Information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in **Annexure.I.1** to this report.

Information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014 is provided in **Annexure I.2** to this report. In terms of the provisions of Section 136 of the Act, the Annual Report is being sent to members excluding the aforementioned information. The information will be available on the website of the Company at [https://glandpharma.com/investors/investors\\_annual\\_report](https://glandpharma.com/investors/investors_annual_report)

## Acknowledgements

Your Directors gratefully acknowledge the continued support, co-operation and wise counsel extended by the Government Authorities, Banks and Financial Institutions.

Your Directors place on record their sincere appreciation for the significant contribution made by the employees through their dedication, hard work and commitment.

Your Directors sincerely acknowledge the confidence and faith reposed in the Company by the Shareholders, Medical Profession & trade and other stake holders.

For and on behalf of the Board

### Srinivas Sadu

Managing Director & CEO  
DIN: 06900659

Place: Hyderabad  
Date: 19<sup>th</sup> May, 2022

### Satyanarayana Murthy Chavali

Independent Director  
DIN: 000142138

## ANNEXURE - A

(TO THE DIRECTORS' REPORT)

## DIVIDEND DISTRIBUTION POLICY

### PREAMBLE AND BACKGROUND

Dividend is profits earned by the company and divided amongst the shareholders in proportion to the amount of paid up shares held by them. It is a return on investment made by the shareholders.

The term 'dividend' has been defined under Section 2(35) of the Companies Act, 2013 as which includes any interim dividend. It is an inclusive and not an exhaustive definition.

### DIVIDEND DISTRIBUTION PHILOSOPHY

The Company is deeply committed to driving superior value creation for all its stakeholders. The focus will continue to be future growth and long term interests of the Company as well as its shareholders. Accordingly, the Board would continue to adopt a progressive dividend policy, ensuring the immediate as well as long term needs of the business.

### OBJECTIVE

The objective of this policy is to lay down the criteria to be considered by the Board of Directors of the Company before recommending dividend to its shareholders for a financial year. The policy is framed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

#### Brief Outline of the Objectives

- To define the policy and procedures of the Company in relation to the calculation, declaration and settlement of Dividends and the determination of the form and time periods within which Dividends are paid.
- To ensure that the Company has sufficient distributable profits and/or general reserves, as determined by a review of the Company's audited financial statements, prior to any declaration and/or payment of Dividends.
- To create a transparent and methodological Dividend policy, adherence to which will be required before declaring dividends.
- The Company will review this Policy annually and make necessary changes if deemed necessary or as and when there are regulatory changes, new regulations, directions, guidelines issued by the regulatory/government authorities from time to time.
- The Company shall pay dividend on equity shares only after ensuring compliance with the Companies Act, 2013 and SEBI Listing Regulations.

### 3. SCOPE, LAW AND REGULATION OF DIVIDEND

The declaration and payment of dividend are governed by various provisions of the Companies Act, 2013 viz.,

- Chapter - VIII of the Companies Act, 2013 from section 123 to 127 which deals with Declaration and payment of dividend; The Companies (Declaration and Payment of Dividend) Rules, 2014
- Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001
- SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- Section 27 of Security Contract Regulation Act, 1956
- Income Tax Act, 1961
- SEBI Guidelines/Circulars, etc. as amended from time to time and to the extent applicable.

The Company will adhere to the provisions of applicable Laws as amended from time to time and to the extent applicable.

The policy set out herein generally relates to final Dividend, certain principles also apply to Interim Dividend declared by the Board of Directors, as stated hereinafter.

The management will discuss and recommend to the Board of Directors on dividend considering the circumstances or factors but not limited to the following:

- Future expansion plans
- Profit earned during the current financial year
- Overall financial conditions
- Cost of raising funds from alternative sources
- Applicable taxes (including dividend distribution tax)
- Money market conditions
- Macro-economic situations, etc.

### 4. GENERAL TERMS

**Basis of recommending dividend:** The dividends are declared at the Annual General Meeting of the Company, based on recommendations of the Board of Directors (Board).

**Free Reserves:** The word "Free Reserves" has been defined by Section 2(43) of Companies Act, 2013 to mean such reserves which, as per the latest audited balance sheet of a



company, are available for distribution as dividend. However, the following shall not be treated as free reserves: any amount representing unrealized gains, notional gains or revaluation of assets, whether shown as a reserve or otherwise, or any change in carrying amount of an asset or of a liability recognized in equity, including surplus in profit and loss account on measurement of the asset or the liability at fair value, shall not be treated as free reserves.

**Bonus shares** shall not be issued in lieu of dividend in terms of Section 63(3) of the Companies Act, 2013.

**Payment of dividend proportionately:** In terms of Section 51 of the Companies Act, 2013; companies are permitted to pay dividends in proportion to the amount paid-up on each share when all shares are not uniformly paid up, i.e. pro rata (in proportion or proportionately, according to a certain rate). The Board of Directors of a company may decide to pay dividends on pro-rata basis if all the equity shares of the company are not equally paid-up. The permission given by this Section is, however, conditional upon the company's articles of association expressly authorizing the company in this regard.

**Interim dividend:** The Board of Directors of a company may declare interim dividend during any financial year out of the surplus in the profit and loss account and out of profits of the financial year in which such interim dividend is sought to be declared. In case the company has incurred loss during the current financial year up to the end of the quarter immediately preceding the date of declaration of interim dividend, such interim dividend shall not be declared at a rate higher than the average dividends declared by the company during the immediately preceding three financial years in terms of Section 123 (3) of Companies Act, 2013.

**Final Dividend:** It is declared by members at an Annual General Meeting as "Ordinary Business" in terms of Section 102(2)(ii) of the Companies Act, 2013 only if recommended by the Board of Directors and at a rate not more than what is recommended by the Directors in accordance with the Articles of Association of a company.

**Debenture Redemption Reserve:** Where debentures are issued by a company, the company shall create a debenture redemption reserve account out of the profits of the company available for payment of dividend and the amount credited to such account shall not be utilized by the company except for the redemption of debentures in terms of Section 71 (4) of the Companies Act, 2013.

**Dividend Payout Ratio:** The dividend payout ratio measures the percentage of Net Profit (PAT) that is distributed to shareholders in the form of dividends during the year. In other words, this ratio shows the portion of profits, the company decides to keep for funding operations and the portion of profits that is given to its shareholders. It is calculated by dividing the proposed dividend (excluding taxes on dividend) by the Profit after tax and depreciation.

**Trading Window:** In terms of Regulation 2(1)(n) of SEBI (Prohibition of Insider Trading) Regulations, 2015; declaration

of dividends (interim or final) shall be treated as "Unpublished Price Sensitive Information." Hence, company shall comply with norms / compliances of trading window read with Company's Insider Trading Policy viz., Code of Conduct for Regulating, Monitoring and Reporting of Trading by Insiders pursuant to Regulation 9 of SEBI(Prohibition of Insider Trading) Regulations, 2015.

## 5. PARAMETERS FOR DECLARATION OF DIVIDEND

The Board will consider various parameters as mentioned below before arriving at a decision on declaration of dividend:

- Current year's Profit/ Inadequacy of profit
- Accumulated reserves
- Distributable surplus available as per the various Acts and Regulations
- The Company's liquidity position and future cash flow needs
- Track record of Dividends distributed by the Company
- Capital expenditure requirements considering the expansion and acquisition opportunities
- Cost and availability of alternative sources of financing
- Funds requirement for contingencies and unforeseen events with financial implications
- Capital market scenario
- Shareholders expectations
- Government Policies
- Macro- economic conditions
- Stipulations/ Covenants of loan agreements
- Prevailing Taxation Policy or any amendments expected thereof, with respect to dividend distribution
- Payout ratios considering probabilities of its consistency in coming time
- Any other relevant factors that the Board may deem fit to consider before declaring Dividend.

## 6. CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The Board will assess the Company's financial requirements, including present and future organic and inorganic growth opportunities, government policies & regulations and other relevant factors (as mentioned elsewhere in this policy) and accordingly declare dividend in any financial year.

The shareholders of the Company may not expect dividend under certain circumstances including the following,

- In the event of inadequacy of profits or whenever the Company has incurred losses;
- Significant cash flow requirements towards higher working capital requirements / tax demands / or others, adversely impacting free cash flows;
- An impending / ongoing capital expenditure program or any acquisitions or investment in joint ventures requiring significant allocation of capital;
- Allocation of cash required for buy-back of securities; and
- Any of the internal or external factors restraining the Company from considering dividend.

## 7. CONFLICT IN POLICY

In the event of a conflict between this policy and the existing statutory regulations, the statutory regulations shall prevail.

## 8. MODIFICATION OF THE POLICY

The Board is authorized to change/amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Companies Act, 2013, SEBI and other Regulations, etc.

## 9. REVIEW AND DISCLOSURE OF POLICY

The Board may review the Dividend Distribution Policy of the Company periodically and may make revisions or changes in the existing policy at any time during the year, if required. The

Dividend Distribution Policy shall be disclosed in the Annual Report of the Company and placed on the Company's website.

## 10. UTILIZATION OF RETAINED EARNINGS

Retained earnings shall be utilized in accordance with prevailing regulatory requirements, creating reserves for specific objectives, fortifying the balance sheet against contingencies, generating higher returns for shareholders through reinvestment of profits for future growth and expansion and any other specific purpose as approved by the Board of Directors of the Company. The Company shall endeavor to utilize retained earnings in a manner that shall be beneficial to both, the interests of the Company and its stakeholders.

## 11. MODE OF PAYMENT

As per Regulation 12 of SEBI Listing Regulations, the Company shall use any of the electronic modes of payment facility approved by the Reserve Bank of India for the payment of the dividends. Where it is not possible to use electronic mode of payment, 'payable-at-par' warrants or cheques may be issued to the eligible shareholders. Further, where the amount payable as dividend exceeds ₹1,500 the payable-at-par warrants or cheques shall be sent by speed post.

## 12. PARAMETERS WITH REGARD TO VARIOUS CLASSES OF SHARES

Presently, the issued and paid-up share capital of the Company comprises of equity shares only. In case, the Company issues other kind of shares, the Board may suitably amend this Policy.

**ANNEXURE - B****(TO THE DIRECTORS' REPORT)****Companies / Bodies Corporate which became / ceased to be Company's Subsidiaries, Joint Ventures or Associate Companies as per the provisions of the Companies Act, 2013:****1. Companies / Bodies Corporate which became Subsidiaries during the financial year 2021-22:**

| Sl. No | Name of the Company / Body Corporate                     |
|--------|--|
| 1.     | GLAND PHARMA USA INC (Step-down wholly owned subsidiary) |

**2. Companies / Bodies Corporate which ceased to be Subsidiaries during the financial year 2021-22:**

NIL

**3. Companies / Bodies Corporate which became Joint Ventures or Associates during the financial year 2021-22:**

NIL

**4. Companies / Bodies Corporate which have ceased to be Joint Venture or Associate during the financial year 2021-22:**

NIL

For and on behalf of the Board

**Srinivas Sadu**Managing Director & CEO  
DIN: 06900659

Place: Hyderabad

Date: 19<sup>th</sup> May, 2022**Satyanarayana Murthy Chavali**Independent Director  
DIN: 000142138**ANNEXURE - C****(TO THE DIRECTORS' REPORT)****FORM AOC-1****PART-A: SUBSIDIARIES INFORMATION**

| Sl. No | Particulars   | Details                            |   |
|--------|---|------------------------------------|---|
| 1.     | Name of Subsidiary  | Gland Pharma International Pte Ltd | Gland Pharma USA Inc. (Step-down Wholly owned subsidiary) |
| 2.     | Reporting period for the subsidiary concerned, if different from the holding company's reporting period                     | -                                  | -   |
| 3.     | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | US\$<br>(1 US\$ = 75.30)           | US\$<br>(1 US\$ = 75.30)                                  |
| 4.     | Share capital   | 1,075,000                          | 100,000   |
| 5.     | Reserves & Surplus  | (72,336)                           | -   |
| 6.     | Total Assets  | 1,114,342                          | 100,000   |
| 7.     | Total Liabilities   | 111,678                            | -   |
| 8.     | Investments   | -                                  | -   |
| 9.     | Turnover  | -                                  | -   |
| 10.    | Profit / (Loss) before taxation   | (66,599)                           | -   |
| 11.    | Provision for taxation  | -                                  | -   |
| 12.    | Profit / (Loss) after taxation  | (66,599)                           | -   |
| 13.    | Proposed Dividend   | -                                  | -   |
| 14.    | % of shareholding   | 100%                               | 100%  |

The above subsidiaries are yet to commence their commercial operations as on 31<sup>st</sup> March, 2022. The Step-down Wholly owned subsidiary was incorporated on 7<sup>th</sup> March, 2022.

**PART-B: ASSOCIATES AND JOINT VENTURES**

The Company does not have any Associates or Joint Ventures during the Financial year 2021-22.

For and on behalf of the Board

**Srinivas Sadu**Managing Director & CEO  
DIN: 06900659

Place: Hyderabad

Date: 19<sup>th</sup> May, 2022**Satyanarayana Murthy Chavali**Independent Director  
DIN: 000142138



**ANNEXURE - D****(TO THE DIRECTORS' REPORT)****Form No. AOC-2**

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in Section 188(1) of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:****1. Details of contracts or arrangements or transactions not at arm's length basis : NIL**

All contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 are at arm's length basis.

**2. Details of material contracts or arrangements or transactions at arm's length basis**

There were no material contracts or arrangements or transactions made with the Related Parties during the Financial Year 2021-22.

The details of other contracts or arrangements with the Related Parties at arm's length basis are set out in the standalone financial statements forming part of this Annual Report. The same may be referred for this purpose.

Appropriate approvals have been taken for related party transactions. No amount was paid as advance.

For and on behalf of the Board

**Srinivas Sadu**  
Managing Director & CEO  
DIN: 06900659

**Satyanarayana Murthy Chavali**  
Independent Director  
DIN: 000142138

Place: Hyderabad  
Date: 19<sup>th</sup> May, 2022

**ANNEXURE - E****(TO THE DIRECTORS' REPORT)****CSR REPORT****[Annexure –II for The Companies (Corporate Social Responsibility Policy) Rules, 2014]****The Annual Report on CSR Activities to be included in the Board's Report for Financial Year ending March 31, 2022****1. Brief outline on CSR Policy of the Company.**

The 'Gland CSR Policy' encompasses the Company's (Gland) philosophy of "Serving Society through Industry" and is designed to employ Company's resources, strengths and strategies in discharging its responsibility as a Corporate Citizen.

Gland continues to strive to transform the business environment in which it operates. It also works for the transformation of the Society. The aim of Gland is to create an environment which enhances opportunities for all the good things, better education and overall quality of living that life has to offer. Gland designs its CSR initiatives in alignment with its objective of enhancing the quality of life in all aspects.

**The Objective of the Gland CSR Policy is to:**

- (i) Ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders.
- (ii) To directly or indirectly take up programs that benefit the communities, preferably but not necessarily in & around its Plants and offices.

The Corporate Social Responsibility Committee (CSR Committee) of the Board of Directors of the Company has the power to approve the projects / programmes, for which the Annual CSR budget should be spent. However, the amount shall be spent on those activities as mentioned under Schedule VII of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time.

Gland follows a project based accountability approach to assess the sustainability of the project through its action plan to qualify as 'short-term' and 'long-term' initiatives.

To ensure effective implementation of the CSR programs undertaken, a monitoring mechanism was put in place at the Corporate Office. The progress of CSR programs under implementation at various locations will be reported to Corporate Office on a monthly basis and the Corporate Office will report to the Committee on a quarterly basis.

The CSR Department at the Corporate Office will conduct impact studies on a periodical basis, through independent professional third parties / professional institutions, especially on a strategic and high value programs.

**2. Composition of CSR Committee:**

| Sl. No | Name of Director            | Designation / Nature of Directorship                                    | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|--------|-----------------------------|---|--|--|
| 1.     | Mr. Srinivas Sadu           | Chairman of CSR Committee /MD & CEO                                     | 2  | 2  |
| 2.     | Mr. Li Dongming             | Member of the CSR Committee (till 10.03.2022) / Non-Executive Director  | 2  | 2  |
| 3.     | Mr. Essaji Goolam Vahanvati | Member of the CSR Committee / Independent Director                      | 2  | 2  |
| 4.     | Ms. Guan Xiaohui            | Member of the CSR Committee/ Non-Executive Director (w.e.f. 10.03.2022) | N.A  | N.A  |

**3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.**

www.glandpharma.com/csr

**4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014; if applicable (attach the report).**

Not Applicable

**5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any**

| Sl. No | Financial Year | Amount available for set-off from preceding financial years (in ₹) | Amount required to be set-off for the financial year, if any (in ₹) |
|--------|----------------|--|---|
| 1      | 2021-22        | NIL  | NIL   |

**6. Average net profit of the company as per section 135(5).**

₹9,983.80 Mn

**7.**

**(a) Two percent of average net profit of the company as per section 135(5)**

₹199.68 Mn

**(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.**

NIL

**(c) Amount required to be set off for the financial year, if any**

NIL

**(d) Total CSR obligation for the financial year (7a+7b-7c).**

₹199.68 Mn

**8.**

**(a) CSR amount spent or unspent for the financial year:**

| Total Amount Spent for the Financial Year (in ₹) | Amount Unspent (in ₹)   |                  |   |        |                  |
|--|---|------------------|---|--------|------------------|
|  | Total Amount transferred to Unspent CSR Account as per section 135(6) |                  | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) |        |                  |
|  | Amount  | Date of transfer | Name of the Fund  | Amount | Date of transfer |
| 176,931,599                                      | 22,744,363  | 29.04.2022       | Not Applicable  | -      | -                |

**(b) Details of CSR amount spent against ongoing projects for the financial year:**

| Sl. No       | Name of the Project                            | Item from the list of activities in Schedule VII to the Act | Local area (Yes/No) | Location of the project |                    | Project duration | Amount allocated for the project (in ₹) | Amount spent in the current financial Year (in ₹) | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹) | Mode of Implementation - Direct (Yes/No) | Mode of Implementation - Through Implementing Agency |                         |
|--------------|--|---|---------------------|-------------------------|--------------------|------------------|---|---|--|--|--|-------------------------|
|              |  |   |                     | State                   | District           |                  |   |   |  |  | Name   | CSR Registration number |
| 1.           | Construction of Primary School (Gajularamaram) | Promoting Education   | Yes                 | Telangana               | Medchal-Malkajgiri | 1.5 years        | 27,353,000                              | 4,605,637   | 22,744,363   | No                                       | Gland-Fosun Foundation                               | CSR00000676             |
| <b>Total</b> |  |   |                     |                         |                    |                  | <b>27,353,000/-</b>                     | <b>4,605,637/-</b>                                | <b>22,744,363/-</b>  |  |  |                         |

**(c) Details of CSR amount spent against other than ongoing projects for the financial year:**

| (1)    | (2)   | (3)   | (4)                 | (5)   | (6)                                | (7)                                 | (8)                                      |  |
|--------|---|---|---------------------|---|------------------------------------|-------------------------------------|--|--|
| Sl. No | Name of the Project   | Item from the list of activities in schedule VII to the Act | Local area (Yes/No) | Location of the project                                 |                                    | Amount spent for the project (in ₹) | Mode of implementation - Direct (Yes/No) | Mode of implementation - Through implementing agency |
|        |   |   |                     | State   | District                           |                                     |  | Name<br>CSR Registration number                      |
| 1.     | Happiness Kits to School children (in lieu of Free Breakfast programme, due to closure of schools in view of Covid-19 Pandemic) | Promotion of Education and Eradication of Hunger            | Yes                 | Telangana / Medchal-Malkajgiri and Sangareddy districts |                                    | 7,345,250                           | No                                       | The Akshayapatra Foundation<br>CSR00000286           |
| 2.     | Free Breakfast to Govt. Schools students  | Promotion of Education and Eradication of Hunger            | Yes                 | Telangana / Medchal-Malkajgiri and Sangareddy districts | Andhra Pradesh / Vizag             | 4,800,000                           | No                                       | The Akshayapatra Foundation<br>CSR00000286           |
| 3.     | Construction / Renovation of School Buildings   | Promotion of Education                                      | Yes                 | Telangana / Medchal-Malkajgiri and Sangareddy districts |                                    | 39,589,462                          | No                                       | Gland-Fosun Foundation<br>CSR00000676                |
| 4.     | Sponsorship of Teachers and support staff in Government Schools   | Promotion of Education                                      | Yes                 | Telangana / Medchal-Malkajgiri and Sangareddy districts |                                    | 3,982,687                           | No                                       | Gland-Fosun Foundation<br>CSR00000676                |
| 5.     | Sponsorship of Teachers and support staff in Orphanages   | Promotion of Education and Eradication of Hunger            | Yes                 | Telangana / Hyderabad                                   |                                    | 2,951,300                           | No                                       | Gland-Fosun Foundation<br>CSR00000676                |
| 6.     | Construction of Skill Development center  | Promotion of Vocational Education and Skill Development     | Yes                 | Telangana / Medchal-Malkajgiri                          |                                    | 2,000,000                           | No                                       | Balavikasa Social Service Society<br>CSR 00000313    |
| 7.     | Covid-19 – Distribution of Masks, PPE Kits, face-shields, Thermometers, etc.  | disaster management, including relief                       | Yes                 | Telangana / Medchal-Malkajgiri and Sangareddy districts | Andhra Pradesh / Krishna and Vizag | 22,820,839                          | No                                       | Gland-Fosun Foundation<br>CSR00000676                |



| (1)          | (2)   | (3)   | (4)                 | (5)   | (6)                    | (7)                                 | (8)                                      |  |                         |
|--------------|---|---|---------------------|---|------------------------|-------------------------------------|--|--|-------------------------|
| Sl. No       | Name of the Project   | Item from the list of activities in schedule VII to the Act | Local area (Yes/No) | Location of the project                                 |                        | Amount spent for the project (in ₹) | Mode of implementation - Direct (Yes/No) | Mode of implementation - Through implementing agency |                         |
|              |   |   |                     | State   | District               |                                     |  | Name   | CSR Registration number |
| 8.           | Covid-19 – Distribution of Medicines and Oxygen cylinders, etc.           | disaster management, including relief                       | Yes                 | Telangana / Hyderabad district                          | Andhra Pradesh / Vizag | 754,500                             | Yes                                      | -  |                         |
| 9.           | Distribution of Ventilators to various Hospitals                          | Health and disaster management, including relief            | Yes                 | Telangana / Medchal-Malkajgiri and Sangareddy districts | Andhra Pradesh / Vizag | 48,401,881                          | Yes                                      | -  |                         |
| 10.          | Equipment to various Government Hospitals                                 | Health  | Yes                 | Telangana / Hyderabad                                   |                        | 3,466,585                           | No                                       | Gland -Fosun Foundation CSR00000676                  |                         |
| 11.          | Equipment to various Government Hospitals                                 | Health  | Yes                 | Telangana / Hyderabad                                   |                        | 6,281,600                           | No                                       | Balavikasa Social Service Society CSR 00000313       |                         |
| 12.          | Comprehensive Health Plan for Socio-Economic Challenged Children          | Promoting Healthcare including Preventive Healthcare        | Yes                 | Telangana / Hyderabad                                   |                        | 2,302,500                           | No                                       | Gland-Fosun Foundation CSR00000676                   |                         |
| 13.          | Widening of road junctions, Maintenance of Greenery and Road stud-Marking | Public safety and conservation of environment               | Yes                 | Telangana / Medchal-Malkajgiri                          |                        | 21,666,216                          | No                                       | Gland-Fosun Foundation CSR00000676                   |                         |
| 14.          | Adoption of Animals in Zoo  | protection of flora and fauna, animal welfare               | Yes                 | Telangana / Hyderabad                                   |                        | 20,00,000                           | No                                       | Gland-Fosun Foundation CSR00000676                   |                         |
| <b>TOTAL</b> |   |   |                     |   |                        | <b>168,362,820</b>                  |  |  |                         |

**(d) Amount spent in Administrative Overheads**

₹39,63,142

**(e) Amount spent on Impact Assessment, if applicable : NIL****(f) Total amount spent for the Financial Year (8b+8c+8d+8e) – ₹199,678,962/-****(g) Excess amount for set off, if any : NIL**

| Sl. No | Particulars   | Amount (in ₹) |
|--------|---|---------------|
| (i)    | Two percent of average net profit of the company as per section 135(5)                                      | 199,675,962   |
| (ii)   | Total amount spent for the Financial Year   | 199,678,962   |
| (iii)  | Excess amount spent for the financial year [(ii)-(i)]   | NIL           |
| (iv)   | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | NIL           |
| (v)    | Amount available for set off in succeeding financial years [(iii)-(iv)]                                     | NIL           |

**9.****A) Details of Unspent CSR amount for the preceding three financial years:**

| S. No | Preceding Financial Year | Amount transferred to Unspent CSR Account under Section 135(6) (in ₹) | Amount spent in the reporting Financial Year (in ₹) | Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any |               |                  | Amount remaining to be spent in succeeding financial years (in ₹) |
|-------|--------------------------|---|---|---|---------------|------------------|---|
|       |                          |   |   | Name of the Fund  | Amount (in ₹) | Date of transfer |   |
| 1.    | 2020-21                  | 43,759,538  | 25,921,455  | N.A   | N.A           | N.A              | 17,838,083  |

**B) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**

| S. No | Project ID.    | Name of the Project                      | Financial year in which the Project was commenced | Project duration | Total amount allocated for the project (in ₹) | Amount spent on the Project in the Reporting Financial Year (in ₹) | Cumulative amount spent at the end of the reporting Financial Year (in ₹) | Status of the Project Completed / Ongoing |
|-------|----------------|--|---|------------------|---|--|---|---|
| 1.    | FY31.03.2021_1 | Gland Pharma Centre for Elderly Eye care | 2020-21   | 3 years          | 63,200,000                                    | 21,700,000   | 49,100,000  | On-going                                  |
| 2.    | FY31.03.2021_2 | Construction of Primary School           | 2020-21   | 1.5 years        | 12,802,500                                    | 4,221,455  | 9,063,955   | Completed in April, 2022                  |

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year****(asset-wise details) – Not Applicable**

- Date of creation or acquisition of the capital asset(s).
- Amount of CSR spent for creation or acquisition of capital asset.
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address, etc.
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

Note: All the civil constructions, Machinery, furniture and fittings, etc. were constructed / installed in Govt. School buildings, Hospitals, etc. where the concerned Govt. School / Hospital will have absolute right over the capital asset. No capital asset was created under the ownership of the Company or Gland-Fosun Foundation.

**11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):**

Not Applicable

**Note:** The Company had commenced construction of primary school in Gajularamaram in November, 2021 and as it is a long term project, the entire amount on CSR was not spent during FY 2021-22. The Project was categorised as an on-going Project and will be completed in FY 2022-23. The amount earmarked for this Project was transferred to Unspent CSR Account

**Srinivas Sadu**

(Chairman of CSR Committee &amp; Managing Director)

**Essaji Goolam Vahanvati**

(Independent Director &amp; Member of CSR Committee)

**ANNEXURE - F****(TO THE DIRECTORS' REPORT)****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2022****Form No. MR-3**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**Gland Pharma Limited**

Sy.No.143-148,150 &151, Near Gandimaisamma 'X' Roads  
D.P.Pally, Dundigal, Dundigal-Gandimaisamma (M)  
Medchal - Malkajgiri District  
Hyderabad-500 043  
Telangana.

We have conducted the Secretarial audit of the compliance with applicable statutory provisions and the adherence to good corporate practices by **Gland Pharma Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of **Gland Pharma Limited's** books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on **31<sup>st</sup> March, 2022** ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31<sup>st</sup> March, 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and Rules and Regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment.

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
  - (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (b) Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2018;
  - (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (d) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - **(Not Applicable to the Company during the Audit Period)**
  - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - **(Not Applicable to the Company during the Audit Period)** and
  - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - **(Not Applicable to the Company during the Audit Period)**

(vi) **We further report that**, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

- (a) The Drugs and Cosmetics Act, 1940 and the Drugs and Cosmetics Rules, 1945 and other rules made thereunder;
- (b) The Narcotic Drugs and Psychotropic Substances Act, 1985
- (c) The Drugs (Prices Control) Order, 2013

We have also examined compliance with the applicable clauses of the following-

- (i) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India; and
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that**

As on 31<sup>st</sup> March, 2022; the Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non- Executive Directors and Independent Directors.

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act and the Listing Regulations.

Adequate notice was given to all Directors to schedule the Board meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the period under review, resolutions were carried out through majority decisions. As confirmed by the Management, there were no dissenting views expressed by any of the members on any business transacted at the Meetings held during the period under review.

**We further report that** there are adequate systems and processes in the Company to commensurate with the size and operations of the Company, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** the following are the major events happened during the period under review:

1. Appointment of Ms. Naina Lal Kidwai as an Independent Director w.e.f 17<sup>th</sup> May, 2021
2. Appointment of Mr. Udo Johannes Vetter as an Independent Director w.e.f. 21<sup>st</sup> July, 2021
3. Appointment of Dr. Jia Ai Zhang as Director w.e.f 26<sup>th</sup> August, 2021
4. Resignation of Mr. Li Dongming as Director w.e.f. 10<sup>th</sup> March, 2022
5. The Company has submitted the Consolidated Related Party Transactions for the Half Year ended 31<sup>st</sup> March, 2021 to National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) with a delay of 3 Days, whereby NSE and BSE have levied a penalty of ₹15,000/- excluding taxes each. The Company has paid the same in due time.
6. Approval of the Board of Directors was obtained for the reappointment of Mr. Srinivas Sadu as Managing Director and CEO of the Company for a further period of 5 years w.e.f. 24<sup>th</sup> April 2022 subject to approval of members.
7. Approval of the Board of Directors was obtained for the appointment of Mr. Yao Fang as an Additional Director of the Company w.e.f. 10<sup>th</sup> March, 2022
8. As per the Gland Pharma ESOPs Scheme, 2019; the Company had issued Equity shares in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014:
  - (i) 1<sup>st</sup> Allotment on 5<sup>th</sup> May, 2021
  - (ii) 2<sup>nd</sup> Allotment on 5<sup>th</sup> July, 2021
  - (iii) 3<sup>rd</sup> Allotment on 7<sup>th</sup> October, 2021
  - (iv) 4<sup>th</sup> Allotment on 21<sup>st</sup> December, 2021

**For RVR & Associates**

Company Secretaries  
PR. No. P2015TL082000

**G.V.S Ravi Kumar**

Associate Partner  
FCS. No: 8529  
CP. No. 17178

Place: Hyderabad  
Date: 19<sup>th</sup> May, 2022

UDIN: F008529D000350244

**Note:** This report is to be read with our letter of even date which is annexed as 'Annexure' and forms an integral part of this report.



## Annexure

To,  
The Members,  
**Gland Pharma Limited**  
Sy.No.143-148,150 &151, Near Gandimaisamma 'X' Roads  
D.P.Pally,Dundigal, Dundigal-Gandimaisamma (M)  
Medchal-Malkajiri District  
Hyderabad-500 043  
Telangana.

Our report of even date is to be read along with this letter:

- a. Maintenance of Secretarial records is the responsibility of the Management of the Company. Our responsibility is to express as opinion on these secretarial records based on our audit.
- b. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- c. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- d. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
- e. The compliance of the provisions of Companies Act, 2013 and other applicable laws, Rules, Regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures on test basis.
- f. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.
- g. We further report that, based on the information provided by the Company, its officers, authorized representatives during the conduct of the audit; in our opinion adequate systems and process and control mechanism exist in the Company to monitor compliance with applicable general laws like labour laws, Environment laws and Data protection policy.
- h. We further report that the compliance by the Company of applicable fiscal laws like Direct & Indirect tax laws, Labour Laws – General and Other Specific laws as may be applicable to the Company, have not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals.
- i. All the documents, records and other information were verified and checked electronically as provided by the management.
- j. We further report that during the audit report there were no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulation, guidelines, standards, etc.

**For RVR & Associates**  
Company Secretaries  
PR. No. P2015TL082000

**G.V.S Ravi Kumar**  
Associate Partner  
FCS. No: 8529  
CP. No. 17178  
UDIN: F008529D000350244

Place: Hyderabad  
Date: 19<sup>th</sup> May, 2022

## ANNEXURE - G

(TO THE DIRECTORS' REPORT)

### Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo as required under the Companies (Accounts) Rules, 2014

#### A. Conservation of Energy

##### (i) Steps taken to conserve energy

The Company has been committed to reduce energy consumption at various levels and various steps have been initiated to conserve Energy. Advanced models and tools were used to improve energy efficiency and reduce carbon footprint at Factories and Offices. The Lighting System in Corporate Office including the Cellar used for Car Parking is based on Artificial Intelligence with Auto ON/ OFF. Maximum windows were installed for better natural light and to avoid lights during day time.

In the Factories, HVAC systems run in Auto mode with Auto control system to avoid continuous run at high frequency. The water loop system runs with auto mode with reference to the utilization of user point pump. Speed varies automatically to save energy.

##### (ii) Steps taken to utilize alternate sources of energy

The Company has shifted from Furnace Oil to CNG for operating the Boilers in Dundigal, Pashmylaram and Shamirpet Facilities in Telangana to reduce pollution levels. The same activity is under progress in Vizag Facilities.

##### (iii) Capital investment on energy conservation equipment: NIL

#### B. Technology Absorption

##### RESEARCH AND DEVELOPMENT (R&D):

|   |  |                        |
|---|--|------------------------|
| 1. Specific areas in which R&D is carried out by the Company. | Formulation Development, Analytical Method Development, Stability studies and Development of new products. |                        |
| 2. Benefits derived as a result of the above R&D              | Developed new products and achieved cost and process efficiencies on existing products.                    |                        |
| 3. Future plan of action                                      | To develop processes for newer products and intermediates.   |                        |
| 4. Expenditure on R&D   | 2021-22 (₹ in million)   | 2020-21 (₹ in million) |
| a) Capital  | 341.88   | 20.96                  |
| b) Recurring  | 1931.54  | 1,198.59               |
| c) Total  | 2,273.42   | 1,219.55               |
| d) Total R&D Expenditure as a Percentage of Sales             | 5.17%  | 3.52%                  |

##### Technology absorption, adaptation and innovation:

1. Efforts, in brief, are made towards technology absorption and adoption. Works on Basic Drugs and Formulations related to the Company's existing activities at various levels of development.
2. Benefits derived as a result of the above efforts Developed new products and achieved cost and process efficiencies on existing products.
3. Information regarding import of technology during the last 3 years. NIL

### C. Foreign Exchange Earnings and Outgo

(in million)

| PARTICULARS                              | 2021-22   | 2020-21   |
|--|-----------|-----------|
| <b>1. Foreign Exchange Earnings:</b>     |           |           |
| In USD                                   | 461.84    | 389.83    |
| In EURO                                  | 9.63      | 2.72      |
| In CAD                                   | 3.45      | 2.66      |
| In AUD                                   | 0.33      | 0.31      |
| Equivalent In ₹                          | 35,145.01 | 29,020.61 |
| <b>2. Foreign Exchange Outgo:</b>        |           |           |
| <b>Capital Expenditure</b>               |           |           |
| In USD                                   | 14.72     | 1.77      |
| In EURO                                  | 5.98      | 13.46     |
| Equivalent In ₹                          | 1,628.54  | 1,290.96  |
| <b>Revenue Expenditure</b>               |           |           |
| In USD                                   | 198.06    | 195.29    |
| In EURO                                  | 8.44      | 10.04     |
| Equivalent In ₹                          | 15,514.73 | 15,587.32 |
| <b>Payment to Financial Institutions</b> | -         | -         |

For and on behalf of the Board

#### Srinivas Sadu

Managing Director & CEO  
DIN: 06900659

Place: Hyderabad  
Date: 19<sup>th</sup> May, 2022

#### Satyanarayana Murthy Chavali

Independent Director  
DIN: 000142138

## ANNEXURE - H

(TO THE DIRECTORS' REPORT)

### Details of Employees Stock Option Scheme Pursuant to Rule 12(9) of Companies (Share Capital and Debentures) Rules, 2014

The details of Stock Options as on March 31, 2022 under the Employees Stock Option Scheme-2019 of the Company are as under:

| Sl. No | Particulars  | Grant-1     | Total       |
|--------|--|-------------|-------------|
| a.     | Options granted  |             |             |
|        | Options granted initially  | 154,950     | 154,950     |
|        | Additional options granted pursuant to Split                       | 1,394,550   | 1,394,550   |
|        | Total Options in force - After Split (from ₹10/- to ₹1/-)          | 1,549,500   | 1,549,500   |
| b.     | Options vested   | 1,475,400   | 1,475,400   |
| c.     | Options exercised  | 1,019,900   | 1,019,900   |
| d.     | The total no. of shares arising as a result of exercise of options | 1,019,900   | 1,019,900   |
| e.     | Options lapsed   | 74,100      | 74,100      |
| f.     | The Exercise Price (After Split)                                   | 542         | 542         |
| g.     | Variations of terms of Options                                     | NIL         | NIL         |
| h.     | Money realised by exercise of options (in ₹)                       | 552,785,800 | 552,785,800 |
| i.     | Total number of options in force                                   | 455,500     | 455,500     |

j. Employee-wise details of options granted during the year 2021-22 to –

(i) Key Managerial Personnel : NIL

(ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year : NIL

(iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant : NIL

Note: The Company did not grant any Options during the Financial Years 2020-21 and 2021-22 and all the Options granted under the above mentioned Scheme was made during the Financial Year 2019-20.

For and on behalf of the Board

#### Srinivas Sadu

Managing Director & CEO  
DIN: 06900659

Place: Hyderabad  
Date: 19<sup>th</sup> May, 2022

#### Satyanarayana Murthy Chavali

Independent Director  
DIN: 000142138



**ANNEXURE - I.1****(TO THE DIRECTORS' REPORT)****Details pertaining to remuneration as required under section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

- (i) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2021-22 and the percentage increase in remuneration of each director, Chief Financial Officer and Company Secretary during the financial year 2021-22:

| Name                             | Designation             | Ratio to median remuneration | % increase in remuneration in FY 2021-22 |
|----------------------------------|-------------------------|------------------------------|--|
| Mr. Srinivas Sadu                | MD & CEO                | 574.75                       | 7.71                                     |
| Ms. Naina Lal Kidwai             | Independent Director    | 23.64                        | N.A                                      |
| Mr. Yiu Kwan Stanley Lau         | Independent Director    | 11.30                        | (8.47)                                   |
| Mr. Satyanarayana Murthy Chavali | Independent Director    | 6.82                         | 20.97                                    |
| Mr. Essaji Goolam Vahanvati      | Independent Director    | 6.59                         | 383.33                                   |
| Mr. Udo J Vetter                 | Independent Director    | 6.59                         | 222.22                                   |
| Mr. Ravi Shekhar Mitra           | Chief Financial Officer | N.A                          | (46.93)                                  |
| Mr. Sampath Kumar Pallerlamudi   | Company Secretary       | N.A                          | 32.62                                    |

**Note:**

- a) Mr. Srinivas Sadu and Mr. Sampath Kumar Pallerlamudi had exercised their Employee stock options and the perquisite value on exercise of stock options was also included in their remuneration.
- b) Mr. Srinivas Sadu had received an amount (one time) of ₹65.18 Mn (Variable pay including an additional Payout Incentive of Over Profit target) in the FY 2021-22.
- c) The MD & CEO, CFO and the CS were paid special bonus for IPO in FY 2020-21.
- d) Ms. Naina Lal Kidwai joined the Board of Directors during FY 2021-22.
- e) Mr. Essaji Goolam Vahanvati and Mr. Udo J Vetter were not paid any commission on profits during FY 2020-21 and they were paid commission of ₹25,00,000 each for the FY 2021-22.
- f) Mr. Satyanarayana Murthy Chavali was paid a commission of USD 20,000 for FY 2020-21 and ₹25,00,000/- for the FY 2021-22.
- g) There was no change in the Commission paid to Mr. Yiu Kwan Stanley Lau for the FY 2020-21 and FY 2021-22. The Commission paid was USD 60,000.
- h) Other Non-Executive and Non-Independent Directors were not paid any remuneration or sitting fee during FY 2021-22.
- i) The variation reflected in the column "% increase in remuneration in FY 2021-22" for independent directors is also due to the change in payment of sitting fees for attendance at Board Meetings.
- (ii) The percentage increase in the median remuneration of employees in the financial year 2021-22: 6%
- (iii) Number of permanent employees on the rolls of the Company as on 31<sup>st</sup> March 2022: 4,639
- (iv) For the FY 2021-22, the average annual increase in the remuneration of employees (excluding the remuneration of managerial personnel) was 13.99% and for the managerial remuneration there was an increase of 37.19%.
- (v) It is affirmed that the remuneration is as per the Nomination and Remuneration policy of the Company

For and on behalf of the Board

**Srinivas Sadu**  
Managing Director & CEO  
DIN: 06900659

**Satyanarayana Murthy Chavali**  
Independent Director  
DIN: 000142138

Place: Hyderabad  
Date: 19<sup>th</sup> May, 2022

**Business Responsibility Report****Section A: General information about the Company**

|  |   |
|--|---|
| 1. Corporate Identity Number (CIN) of the Company  | L24239TG1978PLC002276   |
| 2. Name of the Company   | Gland Pharma Limited  |
| 3. Registered address  | Sy. No. 143 - 148, 150 and 151, Near Gandimaisamma 'X' Roads, D.P. Pally, Dundigal, Dundigal - Gandimaisamma (M), Medchal-Malkajgiri District, Hyderabad 500 043, Telangana, India  |
| 4. Website   | <a href="http://www.glandpharma.com">www.glandpharma.com</a>  |
| 5. E- mail ID  | <a href="mailto:investors@glandpharma.com">investors@glandpharma.com</a>  |
| 6. Financial Year reported   | April 1, 2021 to March 31, 2022   |
| 7. Sector(s) that the Company is engaged in (industrial activity code-wise)                      | The Company is engaged in business of pharmaceuticals under Group 210 and Class 2100 as per the National Industrial Classification 2008 (NIC) by the Central Statistical Organisation, Ministry of Statistics and Programme Implementation.   |
| 8. List three key products/services that the Company manufactures/provides (as in Balance Sheet) | Enoxaparin Sodium, Daptomycin and Heparin Sodium  |
| 9. Total number of locations where business activity is undertaken by the Company                | Gland Pharma has presence in over 60 countries, globally.<br><b>Number of international locations:</b> Singapore, USA<br><b>Number of national locations:</b> Gland Pharma has Eight manufacturing facilities situated in the state of Telangana and Andhra Pradesh, including two sterile injectables facilities, one dedicated Penems facility, one oncology facility and three API facilities. |
| 10. Markets served by the Company  | The major markets that Gland Pharma serves are USA, India, Europe, Canada, Australia and Rest of the World.   |

**Section B: Financial details of the Company**

| Sl. No | Particulars   | Details as on March 31, 2022 (₹ in million)   |
|--------|---|---|
| 1.     | Paid up capital   | 164.30  |
| 2.     | Total Turnover  | 44,007.08   |
| 3.     | Total Profit After Taxes  | 12,121.55   |
| 4.     | Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after taxes (%) | 199.68 (1.65% of PAT)   |
| 5.     | List of activities in which expenditure in 4 above has been incurred                            | Projects across the areas of Promotion of Education and eradication of hunger, Disaster Management including relief, Promoting Healthcare including Preventive Health care, empowering women, Setting up homes and hostels for women and orphans, Rural Development, Protection of Flora and Fauna, animal welfare. |

**Section C: Other details****1. Does the Company have any Subsidiary Company/ Companies?**

As on March 31, 2022; the Company has one wholly owned subsidiary and one step-down wholly owned subsidiary.

**2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**

The subsidiaries of Gland Pharma are aligned with the Company's BR Initiatives.

**3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, more than 60%]**

The Company encourages its other stakeholders i.e. suppliers, distributors and other stakeholders in the value chain to participate in its BR initiatives, however it does not track the actual participation and therefore for reporting purposes the percentage of such entities who participate in BR initiatives is less than 30%.

## Section D: BR Information

### 1. Details of Director/ Directors responsible for BR

#### a) Details of the Director/ Directors responsible for implementation of the BR policy/ policies

- **DIN Number:** 06900659
- **Name:** Mr. Srinivas Sadu
- **Designation:** Managing Director and Chief Executive Officer

#### b) Details of the BR Head

| Sl. No | Particulars                | Details  |
|--------|----------------------------|--|
| 1.     | DIN Number (if applicable) | Not applicable   |
| 2.     | Name                       | Sampath Kumar Pallerlamudi   |
| 3.     | Designation                | Company Secretary and Compliance Officer                                 |
| 4.     | Telephone Number           | +91 84556 99999 Ext.1194   |
| 5.     | E- mail ID                 | <a href="mailto:investors@glandpharma.com">investors@glandpharma.com</a> |

### 2. Principle-wise (as per NVGs) BR Policy/ policies (Reply in Y/N)

| S. No. | Question   | P1   | P2 | P3 | P4 | P5  | P6 | P7 | P8 | P9 |
|--------|--|--|----|----|----|-----|----|----|----|----|
| 1.     | Do you have policy/policies for-   |  |    |    |    | Yes |    |    |    |    |
| 2.     | Has the policy been formulated in consultation with relevant stakeholders?   |  |    |    |    | Yes |    |    |    |    |
| 3.     | Does the policy conform to any national / international standards? If yes, specify.                                      |  |    |    |    | Yes |    |    |    |    |
|        |  | Gland's Corporate Responsibility Policy is based on the National Voluntary Guidelines on Social, Environmental and Economical Responsibilities of Business as issued by Ministry of Corporate Affairs, Government of India, in July 2011. Gland's Environment Policy is as per the requirements of ISO 14001, Environment Management System. |    |    |    |     |    |    |    |    |
| 4.     | Has the policy been approved by the Board? If yes, has it been signed by the MD/owner/CEO/ appropriate Board Director?   |  |    |    |    | Yes |    |    |    |    |
| 5.     | Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy? |  |    |    |    |     |    |    |    |    |
|        |  | The implementation of these policies is discussed segment wise by different committees at regular intervals.   |    |    |    |     |    |    |    |    |
| 6.     | Indicate the link to view the policy online?   |  |    |    |    |     |    |    |    |    |
|        |  | <a href="https://glandpharma.com/investors/corporate_governance">https://glandpharma.com/investors/corporate_governance</a>  |    |    |    |     |    |    |    |    |
| 7.     | Has the policy been formally communicated to all relevant internal and external stakeholders?                            |  |    |    |    | Yes |    |    |    |    |
| 8.     | Does the Company have in-house structure to implement its policy/policies?   |  |    |    |    | Yes |    |    |    |    |

| S. No. | Question   | P1                                    | P2 | P3 | P4 | P5  | P6 | P7 | P8 | P9 |
|--------|--|---------------------------------------|----|----|----|-----|----|----|----|----|
| 9.     | Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to policy/policies? |                                       |    |    |    | Yes |    |    |    |    |
|        |  | The policies are evaluated internally |    |    |    |     |    |    |    |    |
| 10.    | Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?                             |                                       |    |    |    | Yes |    |    |    |    |

### 3. Governance related to BR

#### a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

The BR performance is evaluated annually.

#### b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes, the Company publishes BR which covers the 9 NVGs Principles on an annual basis. Our 2021-22 Annual Report is in line with the <IR> framework and GRI Standards.

### 2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

- Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?
- Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Gland has a multi-product, multi-facility production system and hence, it is not possible to determine product-wise resource consumption. Variations in resource consumption patterns have been observed in manufacturing units based on product mix, batch size and time cycle, among others. Further, as consumption of resource per unit depends on the product mix, it is difficult to set specific standards to ascertain reduction achieved at product level.

## Section E: Principle-Wise Performance

### PRINCIPLE 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

#### 1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs / Others?

It covers Company and its subsidiaries. We encourage other Stakeholders viz., Suppliers / Contractors / NGOs to follow our Policy.

#### 2. How many stakeholders' complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

No Complaints were received.

### PRINCIPLE 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

#### 1. List up to 3 products or services whose design has incorporated social or environmental concerns, risks, and/or opportunities.

All our products follow similar environmental and social safety guidelines. These guidelines are implemented at our facilities and regular audits ensure compliance.

### 3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

Yes. We undertake a variety of support measures in terms of regular vendor audits and encouraging them to adopt management practices detailed under the international standards such as ISO 9001, ISO 14001, ISO 45001 and Company's Environment, Health and Safety (EHS) Guidelines.

We encourage sourcing locally unless there is specific regulatory requirement for materials thereby reducing the carbon footprint.

Conscious efforts are made to ensure that everyone connected with the Company are made aware of their responsibilities.

### 4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company has developed a vendor base around its manufacturing locations. All our packaging related materials, stationery and food supplies are sourced locally and from small vendors.



Capability building is the primary focus of the Company's vendor development and management process. The Company recognises the importance of its vendor base and continuously monitors the financial health and business practices of the same.

**5. Does the Company have mechanism to recycle products and waste? If yes, what is the percentage of recycling waste and products?**

The Company has sustainable processes in place to recycle the products and waste, post completion of manufacturing life cycle. We also have waste recycling mechanism in place, having tie-ups with third party service providers. At all our plants we recycle water which is used for cooling towers and gardening.

**PRINCIPLE 3: Businesses should promote the wellbeing of all employees**

1. Please indicate the total number of employees as on March 31, 2022 – 4,639 (On-rolls)
2. Please indicate the total number of employees hired on temporary/ contractual/casual basis. – 4,149 (Contract employees)
3. Please indicate the number of permanent women employees. – 625
4. Please indicate the number of permanent employees with disability. - 1
5. Do you have an employee association that is recognised by management? -Yes
6. What percentage of your permanent employees are a member of this recognised employee association? – 0.94%
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year. – No pending complaints
8. What percentage of you under mentioned employees were given safety & skill upgradation training in the last year? Permanent employees – 100%, Contract employees – 100%

**PRINCIPLE 4: Businesses should respect the interests of, and be responsive to the needs of all stakeholders, especially those who are disadvantaged, vulnerable, and marginalised.**

**1. Has the Company mapped its internal and external stakeholders?**

Yes. The Company has mapped its internal and external stakeholders.

**2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?**

The Company identifies disadvantaged communities near its business locations as disadvantaged, vulnerable,

and marginalized stakeholders and continually consults with all of these stakeholders to identify their needs and priorities in order to meet those needs accordingly.

**3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable, and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.**

The Company on a periodical basis undertakes dedicated activities as a part of its CSR initiatives for the disadvantaged, vulnerable and marginalised stakeholders in and around the Company's factories/ plants. We have launched various initiatives such as providing free breakfast for government school children, infrastructure development in government schools, providing tailoring machines to economically disadvantaged rural women, construction of additional classrooms in a hostel for mentally challenged women, sponsoring machinery for vocational training, contribution for elderly eye-care, etc.

**PRINCIPLE 5: Businesses should respect and promote human rights.**

**1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/ NGOs/Others?**

The Company's policy on human rights covers not only the Company but extends to its subsidiaries. The Company encourages its suppliers, contractors and others to follow the principles laid down in the policy.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

No complaint pertaining to violation of human rights was received

**PRINCIPLE 6: Business should respect, protect, and make efforts to restore the environment**

**1. Does the policy related to Principle 6 cover only the Company or extends to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs/others.**

Sustainability is an important aspect of the Company's business. The policy extends to the Group/Joint Ventures/ Suppliers/Contractors/ NGOs/Others.

**2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.?**

As a manufacturing company, necessary mechanisms have been set up for ensuring compliance with the laws on environment mechanisms in place to ensure compliance with the applicable environmental laws. The Company is committed to be an environment friendly organisation and has a dedicated Environmental Policy across all its business units. The Company is an active player in practising initiatives to address environmental issues and

ensuring sustainable development. Almost all locations of the Company have received the ISO 14001 certificate for their Environment Management Systems and ISO 9001 for Quality Management Systems.

**3. Does the Company identify and assess potential environmental risks?**

Yes. The Company does have a mechanism to identify and assess potential environmental risks in its plants, projects and operations.

**4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

No, the Company has not undertaken any specific project related to the Clean Development Mechanism. However, most of the manufacturing locations of the Company are certified ISO 14001 (Environment Management System), OMS - ISO 9001 (Quality Management System), ISO 45001 (Occupational Health & Safety Management System).

**5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.? Y/N.**

The Company utilises its resources in an optimal and responsible manner ensuring sustainability through reduction, re-use, re-cycling and managing waste.

Continuous efforts are on to improve energy efficiency in every sphere of Company's operations. As an initiative to reduce our carbon footprint, we have replaced Furnace oil with PNG (Piped Natural Gas) as Boiler fuel.

**6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes, Emissions, Waste generation and disposal all are within the permissible limits given by PCBs, and details of the same would be submitted to SPCB through Environmental statement in the month of June every year.

**7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

No show cause/legal notices were pending as on 31<sup>st</sup> March, 2022.

**PRINCIPLE 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

**1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

Yes.

Pharmaceutical Export Promotion Council (PHARMEXCIL)  
Federation of Indian Chambers of Commerce & Industry (FICCI)  
Confederation of Indian Industry (CII)

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

Yes. While the Company is not actively involved in lobbying, as a responsible corporate citizen, the Company as a part of major industry associations/ chambers makes recommendations/representations before regulators and associations for advancement and improvement of Pharma industry policies in India. The Company also represents its views/opinions on Economic Reforms, Inclusive Development Policies, etc.

**PRINCIPLE 8: Businesses should support inclusive growth and equitable development**

**1. Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

CSR Policy

**2. Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/ Government structures/any other organisation?**

CSR initiatives were implemented directly by the Company with in-house support.

For projects requiring specialized experience and expertise for execution, implementing agencies are also involved.

**3. Have you done any impact assessment of your initiative?**

All programs of CSR are monitored through regular assessments and feedback received from the beneficiaries. Impact assessment studies were not carried out specifically.

**4. What is your Company's direct contribution to community development projects-Amount in ₹ and the details of the projects undertaken?**

During the year 2021-22 the Company spent ₹199.68 million towards CSR initiatives

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

Yes. Each of the projects is having an outcome which is acknowledged by the community. We work with partners who have a grass root understanding of the community that make it successful, both in the short term and long term.

**PRINCIPLE 9: Businesses should support inclusive growth and equitable development**

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year? - NIL
2. Does the Company display product information on the product label, over and above what is mandated as per local laws?

Yes. Product information is displayed on all products of the Company in accordance with the regulatory requirements. In addition, wherever appropriate, additional information about the products/goods, use and mode of handling thereof are also provided to the Customer.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.

No such cases were filed.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

Yes. We do conduct consumer surveys to understand the customers and their needs better.

# Financial Statements



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## Standalone Financial Statements

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# Independent Auditor's Report

## To the Members of Gland Pharma Limited

### Report on the Audit of the Standalone Ind AS Financial Statements

#### Opinion

We have audited the accompanying standalone Ind AS financial statements of Gland Pharma Limited ("the Company"), which comprise the Balance sheet as at March 31, 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit including other comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code

of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

#### Key audit matters

##### Revenue from sale of products and services

Refer to Note 2.1 (e) of the summary of significant accounting policies to the standalone Ind AS financial statements.

Revenue is recognised when the entity has transferred the control for the promised goods or on completion of performance obligation. The Company has a large number of customers operating in various geographies and sale contracts with customers have different terms relating to the recognition of revenue.

Terms of sales arrangement, including the timing of transfer of control, Inco terms and identification of Performance obligations in case of service contracts require significant judgement in determining revenue.

#### How our audit addressed the key audit matter

Our audit procedures included the following:

- We evaluated the Company's accounting policies related to revenue recognition and assessed its compliance in terms of Ind-AS 115 'Revenue from contracts with customers';
- We performed a walkthrough, evaluated the design and tested the operating effectiveness of controls related to the revenue recognition process;
- For revenue from sale of products, we selected samples (including year-end testing of cut-off transactions) and tested the underlying documents, including customer contracts, invoices and shipping documents to assess and analyze the timing of recognition of revenue and contractual terms; Performed trend analysis over revenue as compared to previous periods.

# Independent Auditor's Report

#### Key audit matters

We identified the recognition of revenue from sale of products and services as a key audit matter as revenue is a key performance indicator and there could be a risk that revenue is recognised in the incorrect period.

#### How our audit addressed the key audit matter

- For revenue from sale of services, we selected samples and tested underlying documents and read, analysed the distinct performance obligations in these contracts.
- We assessed the disclosures in accordance with Ind AS 115 "Revenue from contracts with customers"

#### Other Information

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

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

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

#### Responsibilities of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and

presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## Independent Auditor's Report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse

consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- As required by Section 143(3) of the Act, we report that:
  - We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
  - With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
  - With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014,

## Independent Auditor's Report

as amended in our opinion and to the best of our information and according to the explanations given to us:

- The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 46(b) to the standalone Ind AS financial statements;
- The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company

from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- No dividend has been declared or paid during the year by the Company.

For **S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

per **Navneet Rai Kabra**  
Partner  
Membership Number: 102328  
UDIN: 22102328AJGJWI8555

Place of Signature: Hyderabad  
Date: May 19, 2022



## ANNEXURE 1

referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date

### Re: Gland Pharma Limited ("the Company")

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangibles assets.
- (b) Property, Plant and Equipment were physically verified by the management in the current year in accordance with a planned programme of verifying them once in three years which is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion the coverage and the procedure of such verification by the management is appropriate. No discrepancies of 10% or more in aggregate for each class of inventory were noticed on such physical verification.
- (b) The Company has not been sanctioned working capital limits in excess of INR five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) (a) During the year, the Company has provided loans to other entity/placed deposits with financial institution, the details of which are tabulated below.

| Particulars   | (₹ in Mn)                           |                            |                                   |          |
|---|-------------------------------------|----------------------------|-----------------------------------|----------|
|   | Deposits with financial institution | Advance in nature of loans | Guarantees (Financial guarantees) | Security |
| <b>Aggregate amount granted / provided during the year</b>                        |                                     |                            |                                   |          |
| - Subsidiaries  | -                                   | -                          | -                                 | -        |
| - Joint ventures  | -                                   | -                          | -                                 | -        |
| - Associates  | -                                   | -                          | -                                 | -        |
| - Others (term deposits placed with a financial institution)                      | 2,000                               | -                          | -                                 | -        |
| <b>Balance outstanding as at the balance sheet date in respect of above cases</b> |                                     |                            |                                   |          |
| - Subsidiaries  | -                                   | -                          | -                                 | -        |
| - Joint ventures  | -                                   | -                          | -                                 | -        |
| - Associates  | -                                   | -                          | -                                 | -        |
| - Others (term deposits placed with a financial institution)                      | 2,000                               | -                          | -                                 | -        |

## ANNEXURE 1

referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date

- (b) During the year the investments made and the terms and conditions of the deposits placed with financial institution are not prejudicial to the Company's interest. During the year the Company has not provided guarantees, provided security and granted advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties.
- (c) The Company has granted loan/placed deposits with financial institution during the year to other party where the maturity terms and payment of interest has been stipulated.
- (d) There are no amounts of loans and advance in the nature of loans granted which are overdue for more than ninety days.
- (e) There were no loans or advance in the nature of loan granted to other party which had fallen due during the year.
- (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) The Company has not granted any loans or provided any guarantees or security to the parties covered under section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of loans, investments, guarantees, and securities.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of Active Pharmaceutical Ingredients and Formulations including Intermediates and services of contract research, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have not been deposited on account of any dispute, are as follows:

| Name of the statute                      | Nature of dues                               | Amount demanded (₹ In Mn) | Amount paid under dispute (₹ In Mn) | Period to which the amount relates | Forum where the dispute is pending                 |
|--|--|---------------------------|-------------------------------------|------------------------------------|--|
| Finance Act, 1994                        | Service Tax (including interest and penalty) | 3.85                      | 3.85                                | April 2014 to March 2015           | High Court, Hyderabad                              |
| Finance Act, 1994                        | Service Tax                                  | 1.03                      | 0.07                                | April 2015 to March 2016           | Customs, Excise and Service Tax Appellate Tribunal |
| Finance Act, 1994                        | Service Tax                                  | 3.11                      | 3.11                                | April 2019 to March 2020           | Customs, Excise and Service Tax Appellate Tribunal |
| Central goods and services tax act 2017  | Goods and Service Tax                        | 0.50                      | -                                   | June-2017                          | Commissioner (Appeals)                             |
| Andhra Pradesh Value Added Tax Act, 2005 | Value Added Tax                              | 1.73                      | 1.73                                | April 2012 to March 2014           | Telangana VAT Appellate Tribunal, Hyderabad        |

## ANNEXURE 1

referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date

| Name of the statute                          | Nature of dues  | Amount demanded (₹ In Mn) | Amount paid under dispute (₹ In Mn) | Period to which the amount relates      | Forum where the dispute is pending          |
|--|-----------------|---------------------------|-------------------------------------|---|---|
| Andhra Pradesh Value Added Tax Act, 2005     | Value Added Tax | 3.57                      | 3.57                                | April 2014 to March 2017                | Telangana VAT Appellate Tribunal, Hyderabad |
| Entry Tax of Goods and Local Areas Act, 2001 | Entry Tax       | 44.40                     | 22.20                               | April 2011 to March 2017                | High Court, Hyderabad                       |
| Entry Tax of Goods and Local Areas Act, 2001 | Entry Tax       | 2.60                      | 0.64                                | April 2017 to June 2017                 | High Court, Hyderabad                       |
| Income Tax Act, 1961                         | Income Tax      | 16.76                     | 16.76                               | Financial year April 2016 to March 2017 | Commissioner of Income-tax (Appeals)        |
| Income Tax Act, 1961                         | Income Tax      | 0.48                      | 0.48                                | Financial year April 2017 to March 2018 | Commissioner of Income-tax (Appeals)        |

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.

(d) The Company did not raise any funds during the year. Hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiary. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.

(x) (a) Monies raised during the previous year by the Company by way of initial public offer were applied for the purpose for which they were raised, though unutilised funds which were not required for immediate utilization have been invested in

fixed deposits/maintained in current account. The maximum amount of unutilised funds invested during the year was ₹5,566.43 million, of which ₹239.96 million was outstanding at the end of the year.

(b) The Company has not made any preferential allotment or private placement of shares/fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) (a) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a) of the Order is not applicable to the Company.

(b) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(b) of the Order is not applicable to the Company.

(c) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current year and in the immediately preceding financial year respectively.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in Note 53 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in Note 32A to the financial statements.

(b) All amounts that are unspent under section (5) of section 135 of Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance of with provisions of sub section (6) of section 135 of the said Act. This matter has been disclosed in Note 32A to the financial statements.

For **S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

per **Navneet Rai Kabra**  
Partner  
Membership Number: 102328  
UDIN: 22102328AJGJWI8555

Place of Signature: Hyderabad  
Date: May 19, 2022



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

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

We have audited the internal financial controls with reference to standalone Ind AS financial statements of Gland Pharma Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone Ind AS

financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

### Meaning of Internal Financial Controls With Reference to these Standalone Ind AS Financial Statements

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

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

### Inherent Limitations of Internal Financial Controls With Reference to Standalone Ind AS Financial Statements

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

### Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to

standalone Ind AS financial statements and such internal financial controls with reference to standalone Ind AS financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

per **Navneet Rai Kabra**  
Partner  
Membership Number: 102328  
UDIN: 22102328AJGJWI8555

Place of Signature: Hyderabad  
Date: May 19, 2022

# Balance Sheet

as at March 31, 2022

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

| Particulars  | Note | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|------|-------------------------|-------------------------|
| <b>ASSETS</b>  |      |                         |                         |
| <b>Non-current assets</b>  |      |                         |                         |
| Property, plant and equipment  | 3    | 14,990.92               | 9,534.86                |
| Capital work-in-progress   | 4    | 1,807.45                | 3,378.06                |
| Right-of-use assets  | 5    | 5.66                    | 7.46                    |
| Other Intangibles  | 6    | 25.35                   | -                       |
| Intangible assets under development  | 7    | 100.00                  | -                       |
| <b>Financial assets</b>  |      |                         |                         |
| Investments  | 8    | 81.57                   | 5.49                    |
| Other financial assets   | 10   | 2,000.00                | -                       |
| Tax assets (net)   | 12   | 49.89                   | 20.71                   |
| Other non-current assets   | 13   | 836.15                  | 783.31                  |
|  |      | <b>19,896.99</b>        | <b>13,729.89</b>        |
| <b>Current assets</b>  |      |                         |                         |
| Inventories  | 14   | 11,856.67               | 12,751.68               |
| <b>Financial assets</b>  |      |                         |                         |
| Investments  | 8    | 1,548.74                | -                       |
| Loans  | 9    | 4.67                    | 2.54                    |
| Trade receivables  | 11   | 11,987.83               | 6,709.71                |
| Cash and cash equivalents  | 15   | 3,111.82                | 4,919.15                |
| Bank balances other than cash and cash equivalents                                 | 16   | 27,746.21               | 25,132.87               |
| Other financial assets   | 10   | 466.18                  | 387.90                  |
| Other current assets   | 13   | 1,722.29                | 1,326.81                |
|  |      | <b>58,444.41</b>        | <b>51,230.66</b>        |
|  |      | <b>78,341.40</b>        | <b>64,960.55</b>        |
| <b>Total Assets</b>  |      |                         |                         |
| <b>EQUITY AND LIABILITIES</b>  |      |                         |                         |
| <b>Equity</b>  |      |                         |                         |
| Equity share capital   | 17   | 164.30                  | 163.59                  |
| Other equity   | 18   | 71,417.98               | 58,869.26               |
|  |      | <b>71,582.28</b>        | <b>59,032.85</b>        |
| <b>Liabilities</b>   |      |                         |                         |
| <b>Non-current liabilities</b>   |      |                         |                         |
| <b>Financial liabilities</b>   |      |                         |                         |
| Borrowings   | 19   | 38.21                   | 39.34                   |
| Lease liabilities  | 21   | 6.61                    | 7.64                    |
| Other financial liabilities  | 22   | 17.33                   | 17.33                   |
| Deferred tax liability (net)   | 23   | 877.60                  | 738.81                  |
|  |      | <b>939.75</b>           | <b>803.12</b>           |
| <b>Current liabilities</b>   |      |                         |                         |
| <b>Financial liabilities</b>   |      |                         |                         |
| Borrowings   | 19   | 1.12                    | 1.35                    |
| Lease liabilities  | 21   | 1.49                    | 1.62                    |
| Trade payables   | 20   |                         |                         |
| Total outstanding dues of micro, small and medium enterprises                      |      | 62.99                   | 65.97                   |
| Total outstanding dues of creditors other than micro, small and medium enterprises |      | 4,564.63                | 3,896.82                |
| Other financial liabilities  | 22   | 209.05                  | 171.12                  |
| Provisions   | 24   | 247.73                  | 251.32                  |
| Current tax liabilities (net)  | 25   | 179.79                  | 286.90                  |
| Other current liabilities  | 26   | 552.57                  | 449.48                  |
|  |      | <b>5,819.37</b>         | <b>5,124.58</b>         |
|  |      | <b>78,341.40</b>        | <b>64,960.55</b>        |
| <b>Total Equity and Liabilities</b>  |      |                         |                         |
| Summary of significant accounting policies   | 2.1  |                         |                         |

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

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

per **Navneet Rai Kabra**  
Partner  
Membership No. 102328

Place: Hyderabad  
Date: May 19, 2022

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

**Srinivas Sadu**  
Managing Director and  
Chief Executive Officer  
DIN: 06900659

**P. Sampath Kumar**  
Company Secretary

Place: Hyderabad  
Date: May 19, 2022

**Satyanarayana Murthy Chavali**  
Independent Director  
DIN: 00142138

**Ravi Shekhar Mitra**  
Chief Financial Officer

# Statement of Profit and Loss

for the year ended March 31, 2022

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

| Particulars   | Note | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|---|------|--------------------------------------|--------------------------------------|
| <b>INCOME</b>   |      |                                      |                                      |
| Revenue from operations   | 27   | 44,007.08                            | 34,628.76                            |
| Other income  | 28   | 2,239.40                             | 1,347.76                             |
| <b>Total income (I)</b>   |      | <b>46,246.48</b>                     | <b>35,976.52</b>                     |
| <b>EXPENSES</b>   |      |                                      |                                      |
| Cost of materials consumed  | 29   | 20,468.62                            | 17,491.63                            |
| Purchase of traded goods  |      | 256.65                               | 161.98                               |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 30   | 366.90                               | (2,734.87)                           |
| Power and fuel  |      | 950.54                               | 745.85                               |
| Employee benefits expense   | 31   | 3,385.66                             | 3,113.60                             |
| Depreciation and amortisation expense   | 34   | 1,102.96                             | 987.80                               |
| Finance expenses  | 33   | 52.40                                | 34.11                                |
| Other expenses  | 32   | 3,472.32                             | 2,827.90                             |
| <b>Total expenses (II)</b>  |      | <b>30,056.05</b>                     | <b>22,628.00</b>                     |
| <b>Profit before tax (III) = (I-II)</b>                                       |      | <b>16,190.43</b>                     | <b>13,348.52</b>                     |
| <b>Tax expenses</b>   |      |                                      |                                      |
| Current tax   | 35   | 3,958.83                             | 3,394.46                             |
| Deferred tax charge   |      | 140.08                               | 1.20                                 |
| Taxes of earlier years  |      | (30.03)                              | (17.19)                              |
| <b>Total tax expense (IV)</b>   |      | <b>4,068.88</b>                      | <b>3,378.47</b>                      |
| <b>Profit for the year (V) = (III-IV)</b>                                     |      | <b>12,121.55</b>                     | <b>9,970.05</b>                      |
| <b>OTHER COMPREHENSIVE INCOME (OCI)</b>                                       |      |                                      |                                      |
| <b>Items that will not be reclassified subsequently to profit or loss:</b>    |      |                                      |                                      |
| Re-measurement loss on employee defined benefit plans                         |      | 5.14                                 | 11.64                                |
| Deferred tax income on remeasurement of defined benefit plans                 |      | (1.29)                               | (2.93)                               |
| <b>Total other comprehensive loss for the year, net of tax (VI)</b>           |      | <b>3.85</b>                          | <b>8.71</b>                          |
| <b>Total comprehensive income for the year, net of tax (VII) = (V-VI)</b>     |      | <b>12,117.70</b>                     | <b>9,961.34</b>                      |
| <b>Earnings per share:</b>  |      |                                      |                                      |
| Basic, computed on the basis of profit attributable to equity holders         | 36   | 73.84                                | 63.07                                |
| Diluted, computed on the basis of profit attributable to equity holders       |      | 73.67                                | 62.99                                |
| Summary of significant accounting policies                                    | 2.1  |                                      |                                      |

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

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

per **Navneet Rai Kabra**  
Partner  
Membership No. 102328

Place: Hyderabad  
Date: May 19, 2022

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

**Srinivas Sadu**  
Managing Director and  
Chief Executive Officer  
DIN: 06900659

**P. Sampath Kumar**  
Company Secretary

Place: Hyderabad  
Date: May 19, 2022

**Satyanarayana Murthy Chavali**  
Independent Director  
DIN: 00142138

**Ravi Shekhar Mitra**  
Chief Financial Officer



# Statement of Changes in Equity

for the year ended March 31, 2022

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

## a. Equity share capital

| Equity shares of ₹1 each, issued, subscribed and fully paid | No.                | ₹             |
|---|--------------------|---------------|
| <b>As at April 01, 2020</b>                                 | <b>154,949,490</b> | <b>154.95</b> |
| Add: Issued during the year (refer note 17(a))              | 8,643,433          | 8.64          |
| <b>As at March 31, 2021</b>                                 | <b>163,592,923</b> | <b>163.59</b> |
| Add: Issued during the year (refer note 17(a))              | 709,800            | 0.71          |
| <b>As at March 31, 2022</b>                                 | <b>164,302,723</b> | <b>164.30</b> |

## b. Other equity

| Particulars  | Reserves and surplus |                            |                 |                             |                   | Share Application Money | Other comprehensive income | Total            |
|--|----------------------|----------------------------|-----------------|-----------------------------|-------------------|-------------------------|----------------------------|------------------|
|  | Securities premium   | Capital redemption reserve | General reserve | Share based payment reserve | Retained earnings |                         |                            |                  |
| <b>As at April 01, 2020</b>  | <b>5,889.94</b>      | <b>33.44</b>               | <b>31.22</b>    | <b>164.84</b>               | <b>30,257.18</b>  | –                       | <b>(69.22)</b>             | <b>36,307.40</b> |
| Profit for the year  | –                    | –                          | –               | –                           | 9,970.05          | –                       | –                          | 9,970.05         |
| Received on exercise of employee stock options                       | –                    | –                          | –               | –                           | –                 | 168.07                  | –                          | 168.07           |
| Other comprehensive income   | –                    | –                          | –               | –                           | –                 | –                       | (8.71)                     | (8.71)           |
| Issue of equity shares during the year                               | 12,491.67            | –                          | –               | –                           | –                 | –                       | –                          | 12,491.67        |
| Share issue expenses (net of taxes) (refer note 49)                  | (214.25)             | –                          | –               | –                           | –                 | –                       | –                          | (214.25)         |
| Issue of equity shares on exercise of employee stock options         | 167.76               | –                          | –               | –                           | –                 | (168.07)                | –                          | (0.31)           |
| Employee stock option compensation expenses (refer note 38)          | –                    | –                          | –               | 155.34                      | –                 | –                       | –                          | 155.34           |
| Transfer to Securities premium on exercise of employee stock options | 65.97                | –                          | –               | (65.97)                     | –                 | –                       | –                          | –                |
| <b>As at March 31, 2021</b>  | <b>18,401.09</b>     | <b>33.44</b>               | <b>31.22</b>    | <b>254.21</b>               | <b>40,227.23</b>  | –                       | <b>(77.93)</b>             | <b>58,869.26</b> |
| Profit for the year  | –                    | –                          | –               | –                           | 12,121.55         | –                       | –                          | 12,121.55        |
| Received on exercise of employee stock options                       | –                    | –                          | –               | –                           | –                 | 385.52                  | –                          | 385.52           |
| Other comprehensive income   | –                    | –                          | –               | –                           | –                 | –                       | (3.85)                     | (3.85)           |
| Issue of equity shares on exercise of employee stock options         | 384.00               | –                          | –               | –                           | –                 | (384.71)                | –                          | (0.71)           |
| Employee stock option compensation expenses (refer note 38)          | –                    | –                          | –               | 46.21                       | –                 | –                       | –                          | 46.21            |
| Transfer to Securities premium on exercise of employee stock options | 168.83               | –                          | –               | (168.83)                    | –                 | –                       | –                          | –                |
| <b>As at March 31, 2022</b>  | <b>18,953.92</b>     | <b>33.44</b>               | <b>31.22</b>    | <b>131.59</b>               | <b>52,348.78</b>  | <b>0.81</b>             | <b>(81.78)</b>             | <b>71,417.98</b> |

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

As per our report of even date attached

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

per **Navneet Rai Kabra**  
Partner  
Membership No. 102328

Place: Hyderabad  
Date: May 19, 2022

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

**Srinivas Sadu**  
Managing Director and  
Chief Executive Officer  
DIN: 06900659

**P. Sampath Kumar**  
Company Secretary

Place: Hyderabad  
Date: May 19, 2022

**Satyanarayana Murthy Chavali**  
Independent Director  
DIN: 00142138

**Ravi Shekhar Mitra**  
Chief Financial Officer

# Statement of Cash Flows

for the year ended March 31, 2022

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

| Particulars  | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|--|-----------------------------------|-----------------------------------|
| <b>Cash flow from operating activities</b>   |                                   |                                   |
| Profit before tax  | 16,190.43                         | 13,348.52                         |
| <b>Adjustments to reconcile profit before tax to net cash flows</b>                  |                                   |                                   |
| Depreciation and amortisation expense  | 1,102.96                          | 987.80                            |
| Allowance for credit losses  | 37.85                             | 1.22                              |
| Bad debts written off  | 3.42                              | 2.76                              |
| Interest expense   | 33.26                             | 28.45                             |
| Finance charges on leases  | 0.76                              | 0.66                              |
| Employee stock option compensation (refer note 38)                                   | 46.21                             | 155.34                            |
| Unrealized foreign exchange gain   | (76.83)                           | (113.64)                          |
| Provision for doubtful debts, no longer required written back                        | –                                 | (29.83)                           |
| Fair value gain on financial instruments at fair value through profit or loss        | (15.26)                           | –                                 |
| Profit on disposal of financial assets - mutual funds                                | (29.63)                           | –                                 |
| Loss/(Profit) on disposal of property, plant and equipment (net)                     | 1.78                              | (0.24)                            |
| Interest income  | (1,386.45)                        | (859.49)                          |
| <b>Operating profit before working capital changes</b>                               | <b>15,908.50</b>                  | <b>13,521.55</b>                  |
| <b>Movements in working capital:</b>   |                                   |                                   |
| Increase in trade receivables  | (5,269.37)                        | (602.01)                          |
| Decrease/(Increase) in inventories   | 895.01                            | (5,188.89)                        |
| (Increase)/Decrease in loans   | (2.13)                            | 2.42                              |
| (Increase)/Decrease in other assets  | (307.42)                          | 45.87                             |
| Increase in trade payables and other financial liabilities                           | 659.01                            | 1,383.72                          |
| Increase in provisions and other liabilities   | 94.36                             | 0.89                              |
| <b>Cash generated from operations</b>  | <b>11,977.96</b>                  | <b>9,163.55</b>                   |
| Income tax paid (net of refunds)   | (4,065.09)                        | (3,114.25)                        |
| <b>Net cash flow from operating activities (A)</b>                                   | <b>7,912.87</b>                   | <b>6,049.30</b>                   |
| <b>Cash flows from investing activities</b>  |                                   |                                   |
| Purchase of property, plant and equipment  | (5,113.27)                        | (2,287.76)                        |
| Proceeds from disposal of property, plant and equipment                              | 3.99                              | 4.30                              |
| Purchase of other intangibles  | (107.92)                          | –                                 |
| Payments to acquire financial assets - mutual funds                                  | (12,204.72)                       | –                                 |
| Proceeds from sale of financial assets - mutual funds                                | 10,700.88                         | –                                 |
| Investment in bank deposits (net)  | (2,613.34)                        | (13,575.91)                       |
| Deposits with financial institutions   | (2,000.00)                        | –                                 |
| Interest received  | 1,308.17                          | 619.37                            |
| Investment made in subsidiary  | (76.08)                           | (5.49)                            |
| <b>Net cash flow used in investing activities (B)</b>                                | <b>(10,102.29)</b>                | <b>(15,245.49)</b>                |
| <b>Cash flows from financing activities</b>  |                                   |                                   |
| Proceeds from issue of equity shares (net of issue expenses)                         | –                                 | 12,250.00                         |
| Proceeds from the exercise of employee stock option                                  | 385.52                            | 168.07                            |
| Repayment of long-term borrowings  | (1.36)                            | (8.91)                            |
| Payment towards interest portion of lease liabilities                                | (0.76)                            | (0.66)                            |
| Payment towards principal portion of lease liabilities                               | (1.16)                            | (1.25)                            |
| Interest paid  | (33.26)                           | (22.65)                           |
| <b>Net cash flows from financing activities (C)</b>                                  | <b>348.98</b>                     | <b>12,384.60</b>                  |
| <b>Net (decrease)/ increase in cash and cash equivalents (A+B+C)</b>                 | <b>(1,840.44)</b>                 | <b>3,188.41</b>                   |
| Effect of exchange differences on cash and cash equivalents held in foreign currency | 33.11                             | 35.77                             |
| Cash and cash equivalents at the beginning of the year                               | 4,919.15                          | 1,694.97                          |
| <b>Cash and cash equivalents at the end of the year</b>                              | <b>3,111.82</b>                   | <b>4,919.15</b>                   |
| <b>Components of cash and cash equivalents</b>                                       |                                   |                                   |
| Cash on hand   | 0.16                              | 0.21                              |
| With banks in current account  | 2,451.66                          | 3,048.99                          |
| With banks in deposit account  | 660.00                            | 1,869.95                          |
| <b>Total cash and cash equivalents (refer note 15)</b>                               | <b>3,111.82</b>                   | <b>4,919.15</b>                   |
| Summary of significant accounting policies (refer note 2.1)                          |                                   |                                   |

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

As per our report of even date attached

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

per **Navneet Rai Kabra**  
Partner  
Membership No. 102328

Place: Hyderabad  
Date: May 19, 2022

for and on behalf of the Board of Directors  
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**Srinivas Sadu**  
Managing Director and  
Chief Executive Officer  
DIN: 06900659

**P. Sampath Kumar**  
Company Secretary

Place: Hyderabad  
Date: May 19, 2022

**Satyanarayana Murthy Chavali**  
Independent Director  
DIN: 00142138

**Ravi Shekhar Mitra**  
Chief Financial Officer

## Notes to the Financial Statements for the year ended March 31, 2022

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

### 1. Corporate information

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

The financial statements were approved for issue in accordance with a resolution of the Board of directors on May 19, 2022.

### 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016, as amended from time to time and other accounting principles generally accepted in India and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III).

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

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

#### 2.1 Summary of significant accounting policies

##### (a) New and amended standards

The company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2021. The company has not early adopted any other standard or amendment that has been issued but is not yet effective:

- Interest Rate Benchmark Reform – Phase 2: Amendments to Ind AS 109, Ind AS 107, Ind AS 104 and Ind AS 116
- Conceptual framework for financial reporting under Ind AS issued by ICAI
- Amendment to Ind AS 105, Ind AS 16 and Ind AS 28

These amendments had no impact on the financial statements of the company.

##### Standards issued but not yet effective and not early adopted by the company

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. On March 23, 2022, the MCA, issued certain amendments to Ind AS. The amendments relate to the following standards:

- Ind AS 101, First-time Adoption of Indian Accounting Standard
- Ind AS 109, Financial Instruments Classification, Recognition and Derecognition
- Ind AS 16, Property Plant and Equipment
- Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

These amendments are effective from April 01, 2022. The company believes that the aforementioned amendments will not materially impact the financial statements of the company.

##### (b) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

## Notes to the Financial Statements for the year ended March 31, 2022

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

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

##### (c) Foreign currencies

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

##### Transactions and balances

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

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

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

##### (d) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

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

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

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

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

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

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

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

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

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

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

##### (e) Revenue recognition

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

##### Sale of products

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



## Notes to the Financial Statements

for the year ended March 31, 2022

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

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

### Sale of services

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

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

### Contract balances

#### Contract assets

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

#### Trade receivables

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

#### Contract liabilities

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

#### Interest income

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

### Export benefits, incentives and licenses

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

### (f) Taxes

#### Current income tax

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

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

#### Deferred tax

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

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

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

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

## Notes to the Financial Statements

for the year ended March 31, 2022

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

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

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

Goods and Service Taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of goods and service taxes paid, except:

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

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

### (g) Property, plant and equipment

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

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the

asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

### Depreciation

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

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

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

### (h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite

## Notes to the Financial Statements

for the year ended March 31, 2022

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

life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is derecognised.

### (i) Leases

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

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

### Company as a lessee

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

### Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and accumulated impairment losses and adjusted for any remeasurement of lease

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

### Lease liabilities

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

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

### Short-term leases and leases of low-value assets

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

### (j) Inventories

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

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

## Notes to the Financial Statements

for the year ended March 31, 2022

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

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

### (k) Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties,

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

### (l) Provisions, Contingent liabilities and Contingent assets

#### Provisions

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

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

#### Contingent liabilities

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

#### Contingent assets

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



## Notes to the Financial Statements

for the year ended March 31, 2022  
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### (m) Retirement and other employee benefits

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

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

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

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

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

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

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

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

The Company treats accumulated leave, as a long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on an actuarial valuation using the projected unit credit method at the period-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire liability in respect of leave as a

current liability in the balance sheet, since it does not have an unconditional right to defer its settlement beyond 12 months after the reporting date.

### (n) Share - based payments

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

#### Equity-settled transactions

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

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

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

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

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

## Notes to the Financial Statements

for the year ended March 31, 2022  
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

element of the fair value of the award is expensed immediately through profit or loss.

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

### (o) Financial instruments

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

#### Financial assets

##### Initial recognition and measurement

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

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

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

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

##### Subsequent measurement

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

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

- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

##### Debts Instrument at amortised cost

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

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

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

##### Debts Instrument at FVTOCI

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

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

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

##### Debts Instrument at FVTPL

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

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

## Notes to the Financial Statements for the year ended March 31, 2022

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

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

### Equity investments:

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

### Derecognition

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

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

### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

### Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investment in subsidiaries, the difference between the net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

### Impairment of financial assets

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

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

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

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

### Financial liabilities

#### Initial recognition and measurement

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

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

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

#### Subsequent measurement

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

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

#### Loans and borrowings

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

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

#### Derecognition

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

#### Reclassification of financial instruments

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

## Notes to the Financial Statements for the year ended March 31, 2022

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

### Offsetting of financial instruments

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

### (p) Cash and cash equivalents

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

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

### (q) Research and Development

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

equipment and depreciated in accordance with the policies of the Company.

### (r) Earnings Per Share

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

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

### (s) Segment reporting

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



# Notes to financial statements

for the year ended March 31, 2022

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

## 3 Property, plant and equipment

| Particulars                 | Freehold Land | Buildings       | Plant and machinery | Laboratory equipment | Research and Development Equipment | Furniture and fixtures | Office equipment | Vehicles     | Computers     | Tubewells   | Total            |
|-----------------------------|---------------|-----------------|---------------------|----------------------|------------------------------------|------------------------|------------------|--------------|---------------|-------------|------------------|
| <b>As at April 1, 2020</b>  | <b>435.68</b> | <b>2,246.08</b> | <b>9,216.23</b>     | <b>676.72</b>        | <b>335.26</b>                      | <b>229.49</b>          | <b>68.23</b>     | <b>54.86</b> | <b>202.64</b> | <b>1.49</b> | <b>13,466.68</b> |
| Additions                   | -             | 245.96          | 274.52              | 88.80                | 20.96                              | 50.14                  | 63.36            | 7.57         | 101.87        | -           | 853.18           |
| Disposals                   | -             | -               | -                   | -                    | -                                  | -                      | -                | (12.15)      | (12.15)       | -           | (24.30)          |
| <b>As at March 31, 2021</b> | <b>435.68</b> | <b>2,492.04</b> | <b>9,490.75</b>     | <b>765.52</b>        | <b>356.22</b>                      | <b>279.63</b>          | <b>131.59</b>    | <b>50.28</b> | <b>292.36</b> | <b>1.49</b> | <b>14,295.56</b> |
| Additions                   | 191.39        | 710.83          | 4,903.85            | 289.08               | 341.88                             | 40.48                  | 14.87            | 0.40         | 65.65         | 0.09        | 6,558.52         |
| Disposals                   | -             | -               | (48.39)             | (1.08)               | (5.93)                             | (17.95)                | (3.85)           | -            | (4.87)        | -           | (82.07)          |
| <b>As at March 31, 2022</b> | <b>627.07</b> | <b>3,202.87</b> | <b>14,346.21</b>    | <b>1,053.52</b>      | <b>692.17</b>                      | <b>302.16</b>          | <b>142.61</b>    | <b>50.68</b> | <b>353.14</b> | <b>1.58</b> | <b>20,772.01</b> |
| <b>Depreciation</b>         |               |                 |                     |                      |                                    |                        |                  |              |               |             |                  |
| <b>As at April 1, 2020</b>  | -             | <b>428.95</b>   | <b>2,660.15</b>     | <b>237.66</b>        | <b>167.24</b>                      | <b>105.72</b>          | <b>44.51</b>     | <b>17.28</b> | <b>132.31</b> | <b>1.37</b> | <b>3,795.19</b>  |
| Charge for the year         | -             | 91.35           | 699.94              | 74.66                | 33.66                              | 25.56                  | 12.25            | 7.83         | 40.38         | 0.12        | 985.75           |
| Disposals                   | -             | -               | -                   | -                    | -                                  | -                      | -                | (8.49)       | (11.75)       | -           | (20.24)          |
| <b>As at March 31, 2021</b> | -             | <b>520.30</b>   | <b>3,360.09</b>     | <b>312.32</b>        | <b>200.90</b>                      | <b>131.28</b>          | <b>56.76</b>     | <b>16.62</b> | <b>160.94</b> | <b>1.49</b> | <b>4,760.70</b>  |
| Charge for the year         | -             | 94.69           | 768.07              | 88.64                | 39.38                              | 27.09                  | 19.12            | 6.45         | 53.25         | 0.00        | 1,096.69         |
| Disposals                   | -             | -               | (43.08)             | (0.97)               | (5.79)                             | (17.78)                | (3.81)           | -            | (4.87)        | -           | (76.30)          |
| <b>As at March 31, 2022</b> | -             | <b>614.99</b>   | <b>4,085.08</b>     | <b>399.99</b>        | <b>234.49</b>                      | <b>140.59</b>          | <b>72.07</b>     | <b>23.07</b> | <b>209.32</b> | <b>1.49</b> | <b>5,781.09</b>  |
| <b>Net carrying value</b>   |               |                 |                     |                      |                                    |                        |                  |              |               |             |                  |
| <b>As at March 31, 2021</b> | <b>435.68</b> | <b>1,971.74</b> | <b>6,130.66</b>     | <b>453.20</b>        | <b>155.32</b>                      | <b>148.35</b>          | <b>74.83</b>     | <b>33.66</b> | <b>131.42</b> | -           | <b>9,534.86</b>  |
| <b>As at March 31, 2022</b> | <b>627.07</b> | <b>2,587.88</b> | <b>10,261.13</b>    | <b>653.53</b>        | <b>457.68</b>                      | <b>161.57</b>          | <b>70.54</b>     | <b>27.61</b> | <b>143.82</b> | <b>0.09</b> | <b>14,990.92</b> |

## 4 Capital work in progress (CWIP) - Ageing Schedule

As at March 31, 2022

|                                | Amount in CWIP for a period of |               |               |                   | Total           |
|--------------------------------|--------------------------------|---------------|---------------|-------------------|-----------------|
|                                | Less than 1 year               | 1-2 years     | 2-3 years     | More than 3 years |                 |
| Projects in progress           | 1,292.30                       | 374.66        | 140.49        | -                 | 1,807.45        |
| Projects temporarily suspended | -                              | -             | -             | -                 | -               |
| <b>Total</b>                   | <b>1,292.30</b>                | <b>374.66</b> | <b>140.49</b> | <b>-</b>          | <b>1,807.45</b> |

As at March 31, 2021

|                                | Amount in CWIP for a period of |                 |               |                   | Total           |
|--------------------------------|--------------------------------|-----------------|---------------|-------------------|-----------------|
|                                | Less than 1 year               | 1-2 years       | 2-3 years     | More than 3 years |                 |
| Projects in progress           | 1,963.85                       | 1,153.80        | 111.06        | 149.35            | 3,378.06        |
| Projects temporarily suspended | -                              | -               | -             | -                 | -               |
| <b>Total</b>                   | <b>1,963.85</b>                | <b>1,153.80</b> | <b>111.06</b> | <b>149.35</b>     | <b>3,378.06</b> |

As at March 31, 2022, there are no projects which are overdue or have exceeded its cost as compared to its original plan.

For capital work-in-progress, projects whose completion is overdue as at March 31, 2021 are as under:

|                             | To be completed in |           |           |                   | Total         |
|-----------------------------|--------------------|-----------|-----------|-------------------|---------------|
|                             | Less than 1 year   | 1-2 years | 2-3 years | More than 3 years |               |
| <b>Projects in progress</b> |                    |           |           |                   |               |
| PMY-LY                      | 580.13             | -         | -         | -                 | 580.13        |
| <b>Total</b>                | <b>580.13</b>      | <b>-</b>  | <b>-</b>  | <b>-</b>          | <b>580.13</b> |

As at March 31, 2021, there are no projects which have exceeded its cost as compared to its original plan.

## 5 Right-of-use asset

|   | Total        |
|---|--------------|
| <b>Right-of-use leasehold land</b>        |              |
| <b>Cost</b>                               |              |
| <b>As at April 01, 2020</b>               | <b>11.41</b> |
| <b>As at March 31, 2021</b>               | <b>11.41</b> |
| <b>As at March 31, 2022</b>               | <b>11.41</b> |
| <b>Accumulated depreciation</b>           |              |
| <b>As at April 01, 2020</b>               | <b>1.90</b>  |
| Charge for the year                       | 2.05         |
| <b>As at March 31, 2021</b>               | <b>3.95</b>  |
| Charge for the year                       | 1.80         |
| <b>As at March 31, 2022</b>               | <b>5.75</b>  |
| <b>Net carrying value (refer note 47)</b> |              |
| <b>As at March 31, 2021</b>               | <b>7.46</b>  |
| <b>As at March 31, 2022</b>               | <b>5.66</b>  |

## Notes to the Financial Statements

for the year ended March 31, 2022

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

### 6 Other Intangibles

|                                 | Total        |
|---------------------------------|--------------|
| <b>Other Intangibles</b>        |              |
| <b>Cost</b>                     |              |
| As at April 01, 2020            | -            |
| As at March 31, 2021            | -            |
| Additions                       | 29.82        |
| Disposals                       | -            |
| <b>As at March 31, 2022</b>     | <b>29.82</b> |
| <b>Accumulated amortisation</b> |              |
| As at April 01, 2020            | -            |
| As at March 31, 2021            | -            |
| Charge for the period           | 4.47         |
| Disposals                       | -            |
| <b>As at March 31, 2022</b>     | <b>4.47</b>  |
| <b>Net carrying value</b>       |              |
| As at March 31, 2021            | -            |
| <b>As at March 31, 2022</b>     | <b>25.35</b> |

### 7 Intangible assets under development (IAUD)

|                                      | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--------------------------------------|-------------------------|-------------------------|
| Opening balance                      | -                       | -                       |
| Add: Additions during the year       | 100.00                  | -                       |
| Less: Capitalisation during the year | -                       | -                       |
| Less: Impairment during the year     | -                       | -                       |
| <b>Closing balance</b>               | <b>100.00</b>           | <b>-</b>                |

#### IAUD - Ageing Schedule

##### As at March 31, 2022

|                                | For a period of  |           |           |                   | Total         |
|--------------------------------|------------------|-----------|-----------|-------------------|---------------|
|                                | Less than 1 year | 1-2 years | 2-3 years | More than 3 years |               |
| Projects in progress           | 100.00           | -         | -         | -                 | 100.00        |
| Projects temporarily suspended | -                | -         | -         | -                 | -             |
| <b>Total</b>                   | <b>100.00</b>    | <b>-</b>  | <b>-</b>  | <b>-</b>          | <b>100.00</b> |

##### As at March 31, 2021

|                                | For a period of  |           |           |                   | Total    |
|--------------------------------|------------------|-----------|-----------|-------------------|----------|
|                                | Less than 1 year | 1-2 years | 2-3 years | More than 3 years |          |
| Projects in progress           | -                | -         | -         | -                 | -        |
| Projects temporarily suspended | -                | -         | -         | -                 | -        |
| <b>Total</b>                   | <b>-</b>         | <b>-</b>  | <b>-</b>  | <b>-</b>          | <b>-</b> |

## Notes to the Financial Statements

for the year ended March 31, 2022

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

### 7 Intangible assets under development (IAUD) (Contd..)

#### IAUD completion schedule (As at March 31, 2022)

|                             | To be completed in |           |               |                   | Total         |
|-----------------------------|--------------------|-----------|---------------|-------------------|---------------|
|                             | Less than 1 year   | 1-2 years | 2-3 years     | More than 3 years |               |
| <b>Projects in progress</b> |                    |           |               |                   |               |
| SHMT-BS                     | -                  | -         | 100.00        | -                 | 100.00        |
| <b>Total</b>                | <b>-</b>           | <b>-</b>  | <b>100.00</b> | <b>-</b>          | <b>100.00</b> |

As at March 31, 2021, there is no Intangible Asset under Development (IAUD), hence the completion schedule for the same is not disclosed.

#### Financial assets

### 8 Investments (Unquoted)

|   | Non-current             |                         | Current                 |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | As at<br>March 31, 2022 | As at<br>March 31, 2021 | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| <b>At cost</b>  |                         |                         |                         |                         |
| <b>Equity shares (fully paid up)</b>  |                         |                         |                         |                         |
| 10,750 (March 31, 2021: 750) equity shares of US \$ 100 each of Gland Pharma International Pte. Ltd., Singapore | 81.57                   | 5.49                    | -                       | -                       |
| <b>At Fair value through profit and loss account</b>  |                         |                         |                         |                         |
| Mutual funds  | -                       | -                       | 1,548.74                | -                       |
|   | <b>81.57</b>            | <b>5.49</b>             | <b>1,548.74</b>         | <b>-</b>                |

|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Aggregate value of unquoted investments                | 1,630.31                | 5.49                    |
| Aggregate amount of impairment in value of investments | -                       | -                       |

### 9 Loans

|   | Current                 |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| <b>Other loans (Unsecured, considered good)</b> |                         |                         |
| Loans to employees                              | 4.67                    | 2.54                    |
|   | <b>4.67</b>             | <b>2.54</b>             |

### 10 Other financial assets

|   | Non-current             |                         | Current                 |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | As at<br>March 31, 2022 | As at<br>March 31, 2021 | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| <b>(Unsecured, considered good)</b>   |                         |                         |                         |                         |
| Deposits with financial institutions  | 2,000.00                | -                       | -                       | -                       |
| Interest accrued, but not due on deposits with banks, financial institutions and others | -                       | -                       | 466.18                  | 387.90                  |
|   | <b>2,000.00</b>         | <b>-</b>                | <b>466.18</b>           | <b>387.90</b>           |



## Notes to the Financial Statements

for the year ended March 31, 2022  
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

### 11 Trade receivables (Unsecured)

|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Receivables from related parties (refer note 40) | 364.54                  | 375.48                  |
| Trade receivables from other parties             | 11,623.29               | 6,334.23                |
|  | <b>11,987.83</b>        | <b>6,709.71</b>         |

#### Trade receivables - Ageing Schedule

##### As at March 31, 2022

|   | Current but not due | Outstanding for following periods from due date of payment |                   |             |           |                   | Total            |
|---|---------------------|--|-------------------|-------------|-----------|-------------------|------------------|
|   |                     | Less than 6 Months   | 6 months - 1 year | 1-2 years   | 2-3 years | More than 3 years |                  |
| Undisputed Trade receivables – considered good                                | 10,433.41           | 1,491.20   | 84.73             | 0.76        | –         | –                 | 12,010.10        |
| Undisputed Trade receivables – which have significant increase in credit risk | –                   | –  | 29.79             | –           | –         | –                 | 29.79            |
| Undisputed Trade receivable – credit impaired                                 | –                   | –  | –                 | –           | –         | –                 | –                |
| Disputed Trade receivables - considered good                                  | –                   | –  | –                 | –           | –         | –                 | –                |
| Disputed Trade receivables – which have significant increase in credit risk   | –                   | –  | –                 | –           | –         | –                 | –                |
| Disputed Trade receivables – credit impaired                                  | –                   | –  | –                 | –           | –         | –                 | –                |
|   | <b>10,433.41</b>    | <b>1,491.20</b>  | <b>114.52</b>     | <b>0.76</b> | <b>–</b>  | <b>–</b>          | <b>12,039.89</b> |
| Less: Allowance for credit loss   |                     |  |                   |             |           |                   | (52.06)          |
| <b>Total Trade receivables</b>  |                     |  |                   |             |           |                   | <b>11,987.83</b> |

##### As at March 31, 2021

|   | Current but not due | Outstanding for following periods from due date of payment |                   |           |           |                   | Total           |
|---|---------------------|--|-------------------|-----------|-----------|-------------------|-----------------|
|   |                     | Less than 6 Months   | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years |                 |
| Undisputed Trade receivables – considered good                                | 5,611.05            | 1,110.37   | 0.91              | 1.48      | 0.08      | 0.03              | 6,723.92        |
| Undisputed Trade receivables – which have significant increase in credit risk | –                   | –  | –                 | –         | –         | –                 | –               |
| Undisputed Trade receivable – credit impaired                                 | –                   | –  | –                 | –         | –         | –                 | –               |
| Disputed Trade receivables - considered good                                  | –                   | –  | –                 | –         | –         | –                 | –               |
| Disputed Trade receivables – which have significant increase in credit risk   | –                   | –  | –                 | –         | –         | –                 | –               |
| Disputed Trade receivables – credit impaired                                  | –                   | –  | –                 | –         | –         | –                 | –               |
| Total   | 5,611.05            | 1,110.37   | 0.91              | 1.48      | 0.08      | 0.03              | 6,723.92        |
| Less: Allowance for credit loss   |                     |  |                   |           |           |                   | (14.21)         |
| <b>Total Trade receivables</b>  |                     |  |                   |           |           |                   | <b>6,709.71</b> |

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

For terms and conditions relating to related party receivables, refer note 40.

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

## Notes to the Financial Statements

for the year ended March 31, 2022  
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

### 11 Trade receivables (Unsecured) (Contd..)

#### Breakup for security details

|                                   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|-----------------------------------|-------------------------|-------------------------|
| Considered good, unsecured        | 11,988.00               | 6,709.71                |
| Credit impaired                   | 52.06                   | 14.21                   |
| Less: Allowance for credit losses | (52.06)                 | (14.21)                 |
|                                   | <b>11,987.83</b>        | <b>6,709.71</b>         |

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

|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Balance at the beginning of the year          | 14.21                                | 53.60                                |
| Provision made/reversed during the year (net) | 37.85                                | (28.62)                              |
| Trade receivables written off during the year | –                                    | (10.77)                              |
| <b>Balance at the end of the year</b>         | <b>52.06</b>                         | <b>14.21</b>                         |

### 12 Tax assets

|                                     | Non-current             |                         | Current                 |                         |
|-------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                     | As at<br>March 31, 2022 | As at<br>March 31, 2021 | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| <b>(Unsecured, considered good)</b> |                         |                         |                         |                         |
| Advance income tax (net)            | 49.89                   | 19.48                   | –                       | –                       |
| Income tax paid under protest       | –                       | 1.23                    | –                       | –                       |
|                                     | <b>49.89</b>            | <b>20.71</b>            | <b>–</b>                | <b>–</b>                |

### 13 Other assets

|  | Non-current             |                         | Current                 |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| <b>(Unsecured, considered good)</b>            |                         |                         |                         |                         |
| Capital advance                                | 464.94                  | 324.04                  | –                       | –                       |
| Security deposits                              | 78.43                   | 69.52                   | 5.57                    | 34.18                   |
| Advances for material supplies and services*   | –                       | –                       | 435.21                  | 129.97                  |
| Prepaid expenses                               | –                       | –                       | 141.61                  | 108.83                  |
| Contract asset                                 | –                       | –                       | 109.19                  | –                       |
| Export rebate claims receivable                | –                       | –                       | 45.72                   | 16.00                   |
| Export incentives receivable                   | 22.08                   | 24.28                   | 313.95                  | 328.50                  |
| Balance with statutory/ government authorities | 270.70                  | 365.47                  | 671.04                  | 709.33                  |
|  | <b>836.15</b>           | <b>783.31</b>           | <b>1,722.29</b>         | <b>1,326.81</b>         |

\* Includes amounts given to related parties of ₹328.65 (March 31, 2021: ₹ Nil) (refer note 40)

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

## Notes to the Financial Statements for the year ended March 31, 2022

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

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

|                               | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|-------------------------------|-------------------------|-------------------------|
| Raw materials and components* | 4,662.51                | 5,304.01                |
| Packing materials**           | 1,774.24                | 1,718.00                |
| Finished goods***             | 591.47                  | 1,759.29                |
| Work-in-progress              | 4,440.69                | 3,639.77                |
| Stores and spares             | 387.76                  | 330.61                  |
|                               | <b>11,856.67</b>        | <b>12,751.68</b>        |

\*Includes goods in transit of ₹54.43 (March 31, 2021: ₹195.70)

\*\*Includes goods in transit of ₹16.46 (March 31, 2021: ₹0.77)

\*\*\*Includes stock in trade of ₹129.31 (March 31, 2021: ₹62.48)

### 15 Cash and cash equivalents

|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Cash on hand   | 0.16                    | 0.21                    |
| Balances with banks  |                         |                         |
| On current accounts <sup>(1)</sup>                                       | 2,451.66                | 3,048.99                |
| Deposits with original maturity of less than three months <sup>(2)</sup> | 660.00                  | 1,869.95                |
|  | <b>3,111.82</b>         | <b>4,919.15</b>         |

(1) Includes balance of Initial Public Offer (IPO) proceeds of ₹29.96 (March 31, 2021: ₹6.43) in Current Account with a Scheduled commercial bank (under Escrow arrangement) which will be utilised as stated in the prospectus.

(2) Includes balance of Initial Public Offer (IPO) proceeds of ₹210.00 (March 31, 2021: ₹ Nil) in a Scheduled commercial bank, which will be utilised as stated in the prospectus.

### 16 Bank balances other than cash and cash equivalents

|  | Non-current             |                         | Current                 |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| Other deposit accounts                                   |                         |                         |                         |                         |
| Remaining maturity of less than 12 months <sup>(1)</sup> | -                       | -                       | 27,720.19               | 25,106.85               |
| Margin money deposits <sup>(2)</sup>                     |                         |                         |                         |                         |
| Remaining maturity of less than 12 months                | -                       | -                       | 26.02                   | 26.02                   |
|  | <b>-</b>                | <b>-</b>                | <b>27,746.21</b>        | <b>25,132.87</b>        |

(1) Includes balance of Initial Public Offer (IPO) proceeds of ₹ Nil (March 31, 2021: ₹5,560.00) in a Scheduled commercial bank, which will be utilised as stated in the prospectus.

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

## Notes to the Financial Statements for the year ended March 31, 2022

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

### 16 Bank balances other than cash and cash equivalents (Contd..)

#### Breakup of financial assets

|   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| <b>Valued at amortised cost :</b>                             |                         |                         |
| Loans and others  | 2,470.85                | 390.44                  |
| Trade receivables   | 11,987.83               | 6,709.71                |
| Cash and cash equivalents                                     | 3,111.82                | 4,919.15                |
| Bank balances other than cash and cash equivalents            | 27,746.21               | 25,132.87               |
| <b>Valued at cost :</b>                                       |                         |                         |
| Investment in unquoted equity shares                          | 81.57                   | 5.49                    |
| <b>Valued at fair value through profit and loss account :</b> |                         |                         |
| Investment in unquoted mutual funds                           | 1,548.74                | -                       |
| <b>Total financial assets</b>                                 | <b>46,947.02</b>        | <b>37,157.66</b>        |

### 17 Equity share capital

|   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| <b>Authorised</b>   |                         |                         |
| 500,000,000 (March 31, 2021: 500,000,000) equity shares of ₹1 each  | 500.00                  | 500.00                  |
| 0.001 % 5,100,000 (March 31, 2021: 5,100,000) compulsorily convertible non cumulative preference shares of ₹10 each | 51.00                   | 51.00                   |
| 0.001 % 1,200,000 (March 31, 2021: 1,200,000) redeemable convertible non cumulative preference shares of ₹10 each   | 12.00                   | 12.00                   |
|   | <b>563.00</b>           | <b>563.00</b>           |
| <b>Issued, subscribed and fully paid up shares</b>  |                         |                         |
| 164,302,723 (March 31, 2021: 163,592,923) equity shares of ₹1 each  | 164.30                  | 163.59                  |
|   | <b>164.30</b>           | <b>163.59</b>           |

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

| Equity Shares   | As at March 31, 2022 |               | As at March 31, 2021 |               |
|---|----------------------|---------------|----------------------|---------------|
|   | No. of Shares        | Amount        | No. of Shares        | Amount        |
| <b>At the beginning of the year</b>                                     | <b>163,592,923</b>   | <b>163.59</b> | <b>154,949,490</b>   | <b>154.95</b> |
| Add: Issue of shares  | -                    | -             | 8,333,333            | 8.33          |
| Add: Shares issued on exercise of employee stock option (refer note 38) | 709,800              | 0.71          | 310,100              | 0.31          |
|   | <b>164,302,723</b>   | <b>164.30</b> | <b>163,592,923</b>   | <b>163.59</b> |

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

| Particulars                                     | March 31, 2021 | March 31, 2020 | March 31, 2019 | March 31, 2018 | March 31, 2017 |
|---|----------------|----------------|----------------|----------------|----------------|
| Equity shares of ₹10 each (Before sub division) | -              | -              | -              | 942,500        | -              |

#### (b) Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of ₹1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company has not paid any dividend during the year ended March 31, 2022 and March 31, 2021.



## Notes to the Financial Statements

for the year ended March 31, 2022  
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

### 17 Equity share capital (Contd..)

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

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

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

| Name of the shareholder  | As at March 31, 2022 |              | As at March 31, 2021 |              |
|--|----------------------|--------------|----------------------|--------------|
|  | No. of Shares        | Amount       | No. of Shares        | Amount       |
| Fosun Pharma Industrial Pte. Ltd., Singapore (holding company) | 95,293,934           | 95.29        | 95,293,934           | 95.29        |
|  | <b>95,293,934</b>    | <b>95.29</b> | <b>95,293,934</b>    | <b>95.29</b> |

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

| Name of the shareholder                      | As at March 31, 2022 |           | As at March 31, 2021 |           |
|--|----------------------|-----------|----------------------|-----------|
|  | No. of Shares        | % holding | No. of Shares        | % holding |
| Fosun Pharma Industrial Pte. Ltd., Singapore | 95,293,934           | 58.00%    | 95,293,934           | 58.25%    |
| Gland Celsus Bio-Chemicals Pvt Ltd           | –                    | 0.00%     | 10,047,435           | 6.14%     |
| Nicomac Machinery Pvt Ltd                    | 9,551,115            | 5.81%     | –                    | 0.00%     |

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

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

#### (f) Shares reserved for issue under options

During the year ended March 31, 2020, the Company has instituted "the Gland Pharma Employee Stock Option Scheme 2019" ('ESOP Scheme 2019') pursuant to approval of "the Gland Pharma Employee Stock Option Plan 2019" ('Plan'). The maximum number of shares that may be issued pursuant to the scheme shall not exceed 1,704,440 shares. Out of 1,704,440 shares, 1,549,500 shares were granted on June 27, 2019 (grant date) to the eligible employees. The aforementioned shares are after subdivision of equity shares.

#### (g) Details of shares held by promoters

##### As at March 31, 2022

##### Equity shares of ₹1 each fully paid :

| Promoter name                                | No. of shares at the beginning of the year | Change during the year | No. of shares at the end of the year | % of total shares | % change during the year |
|--|--|------------------------|--------------------------------------|-------------------|--------------------------|
| Fosun Pharma Industrial Pte. Ltd., Singapore | 95,293,934                                 | –                      | 95,293,934                           | 58.00%            | 0.00%                    |
| <b>Total</b>                                 | <b>95,293,934</b>                          | <b>–</b>               | <b>95,293,934</b>                    | <b>58.00%</b>     | <b>0.00%</b>             |

##### As at March 31, 2021

##### Equity shares of ₹1 each fully paid :

| Promoter name                                | No. of shares at the beginning of the year | Change during the year | No. of shares at the end of the year | % of total shares | % change during the year |
|--|--|------------------------|--------------------------------------|-------------------|--------------------------|
| Fosun Pharma Industrial Pte. Ltd., Singapore | 114,662,620                                | (19,368,686)           | 95,293,934                           | 58.25%            | –16.89%                  |
| <b>Total</b>                                 | <b>114,662,620</b>                         | <b>(19,368,686)</b>    | <b>95,293,934</b>                    | <b>58.25%</b>     | <b>–16.89%</b>           |

## Notes to the Financial Statements

for the year ended March 31, 2022  
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

### 18 Other equity

|  | As at March 31, 2022 | As at March 31, 2021 |
|--|----------------------|----------------------|
| <b>Securities premium</b>  |                      |                      |
| Balance at the beginning of the year   | 18,401.09            | 5,889.94             |
| Add: Amount received towards Securities premium during the year                                  | –                    | 12,491.67            |
| Less: Share of IPO expenses (net of taxes)   | –                    | (214.25)             |
| Add: Amount received towards Securities premium for stock option exercised                       | 384.00               | 167.76               |
| Add: Amount transferred from Share based payment reserve on account of exercise of stock options | 168.83               | 65.97                |
| Balance at the end of the year   | <b>18,953.92</b>     | <b>18,401.09</b>     |
| <b>Capital redemption reserve</b>  |                      |                      |
| Balance at the beginning of the year   | 33.44                | 33.44                |
| Balance at the end of the year   | <b>33.44</b>         | <b>33.44</b>         |
| <b>General reserve</b>   |                      |                      |
| Balance at the beginning of the year   | 31.22                | 31.22                |
| Balance at the end of the year   | <b>31.22</b>         | <b>31.22</b>         |
| <b>Share based payment reserve</b>   |                      |                      |
| Balance at the beginning of the year   | 254.21               | 164.84               |
| Add: Shares based compensation to employees for the year (refer note 38)                         | 46.21                | 155.34               |
| Less: Exercise of stock options  | (168.83)             | (65.97)              |
| Balance at the end of the year   | <b>131.59</b>        | <b>254.21</b>        |
| <b>Retained earnings</b>   |                      |                      |
| Balance at the beginning of the year   | 40,227.23            | 30,257.18            |
| Add: Profit for the year   | 12,121.55            | 9,970.05             |
| Balance at the end of the year   | <b>52,348.78</b>     | <b>40,227.23</b>     |
| <b>Share application money</b>   |                      |                      |
| Balance at the beginning of the year   | –                    | –                    |
| Add: Money received for the year   | 385.52               | 168.07               |
| Less: Allotment of Equity shares on exercise of stock options                                    | (384.71)             | (168.07)             |
| Balance at the end of the year   | <b>0.81</b>          | <b>–</b>             |
| <b>Other comprehensive income</b>  |                      |                      |
| <b>Items recognised directly in Other comprehensive income</b>                                   |                      |                      |
| Balance at the beginning of the year   | (77.93)              | (69.22)              |
| Re-measurement loss on employee defined benefit plans (net of tax)                               | (3.85)               | (8.71)               |
| Balance at the end of the year   | <b>(81.78)</b>       | <b>(77.93)</b>       |
|  | <b>71,417.98</b>     | <b>58,869.26</b>     |

#### Nature and purpose of reserves

##### Securities premium

Securities premium is used to record the premium on issue of shares and can be utilised in accordance with the provisions of the Companies Act, 2013.

##### Capital redemption reserve

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

##### General reserve

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

## Notes to the Financial Statements

for the year ended March 31, 2022  
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

### 18 Other equity (Contd..)

#### Share based payment reserve

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

#### Share application money

Money received as advance towards allotment of share capital is recorded as share application money pending allotment.

### 19 Borrowings

|  | Non-Current    |                | Current maturities |                |
|--|----------------|----------------|--------------------|----------------|
|  | As at          | As at          | As at              | As at          |
|  | March 31, 2022 | March 31, 2021 | March 31, 2022     | March 31, 2021 |
| <b>From others (Unsecured)</b>             |                |                |                    |                |
| Deferred sales tax loan (refer note below) | 38.21          | 39.34          | 1.12               | 1.35           |
|  | <b>38.21</b>   | <b>39.34</b>   | <b>1.12</b>        | <b>1.35</b>    |

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

### 20 Trade payables

|  | As at           | As at           |
|--|-----------------|-----------------|
|  | March 31, 2022  | March 31, 2021  |
| <b>Valued at amortised cost</b>                            |                 |                 |
| Trade payables to third parties                            |                 |                 |
| Due to micro, small and medium enterprises (refer note 39) | 62.99           | 65.97           |
| Other parties  | 4,542.69        | 3,872.17        |
| Trade payables to related parties (refer note 40)          | 21.94           | 24.65           |
|  | <b>4,627.62</b> | <b>3,962.79</b> |

#### Terms and conditions of the above financial liabilities:

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

#### Trade payables - Ageing Schedule

##### As at March 31, 2022

|  | Not due         | Outstanding for following periods from due date of payment |              |           |                   | Total           |
|--|-----------------|--|--------------|-----------|-------------------|-----------------|
|  |                 | Less than 1 year   | 1-2 years    | 2-3 years | More than 3 years |                 |
|  |                 |  |              |           |                   |                 |
| Total outstanding dues of micro enterprises and small enterprises                      | 62.99           | -  | -            | -         | -                 | 62.99           |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 2,471.56        | 2,074.75   | 16.75        | -         | 1.57              | 4,564.63        |
| Disputed dues of micro enterprises and small enterprises                               | -               | -  | -            | -         | -                 | -               |
| Disputed dues of creditors other than micro enterprises and small enterprises          | -               | -  | -            | -         | -                 | -               |
| <b>Total</b>   | <b>2,534.55</b> | <b>2,074.75</b>  | <b>16.75</b> | <b>-</b>  | <b>1.57</b>       | <b>4,627.62</b> |

## Notes to the Financial Statements

for the year ended March 31, 2022  
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

### 20 Trade payables (Contd..)

#### As at March 31, 2021

|  | Not due         | Outstanding for following periods from due date of payment |              |             |                   | Total           |
|--|-----------------|--|--------------|-------------|-------------------|-----------------|
|  |                 | Less than 1 year   | 1-2 years    | 2-3 years   | More than 3 years |                 |
| Total outstanding dues of micro enterprises and small enterprises                      | 65.97           | -  | -            | -           | -                 | 65.97           |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 1,702.49        | 2,096.04   | 48.29        | 4.23        | 45.77             | 3,896.82        |
| Disputed dues of micro enterprises and small enterprises                               | -               | -  | -            | -           | -                 | -               |
| Disputed dues of creditors other than micro enterprises and small enterprises          | -               | -  | -            | -           | -                 | -               |
| <b>Total</b>   | <b>1,768.46</b> | <b>2,096.04</b>  | <b>48.29</b> | <b>4.23</b> | <b>45.77</b>      | <b>3,962.79</b> |

### 21 Lease liabilities

|                                   | Non-Current    |                | Current        |                |
|-----------------------------------|----------------|----------------|----------------|----------------|
|                                   | As at          | As at          | As at          | As at          |
|                                   | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| <b>Valued at amortised cost</b>   |                |                |                |                |
| Lease liabilities (refer note 47) | 6.61           | 7.64           | 1.49           | 1.62           |
|                                   | <b>6.61</b>    | <b>7.64</b>    | <b>1.49</b>    | <b>1.62</b>    |

### 22 Other financial liabilities

|                                 | Non-Current    |                | Current        |                |
|---------------------------------|----------------|----------------|----------------|----------------|
|                                 | As at          | As at          | As at          | As at          |
|                                 | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| <b>Valued at amortised cost</b> |                |                |                |                |
| Capital creditors*              | -              | -              | 200.18         | 163.75         |
| Trade deposits payable          | -              | -              | 8.87           | 7.37           |
| Refund liability                | 17.33          | 17.33          | -              | -              |
|                                 | <b>17.33</b>   | <b>17.33</b>   | <b>209.05</b>  | <b>171.12</b>  |

\*Includes amount payable to micro, small and medium enterprises of ₹27.49 (March 31, 2021: ₹27.35) (refer note 39)

#### Breakup of financial liabilities

|  | As at           | As at           |
|--|-----------------|-----------------|
|  | March 31, 2022  | March 31, 2021  |
| <b>Valued at amortised cost</b>                              |                 |                 |
| Non current borrowings                                       | 38.21           | 39.34           |
| Trade payables   | 4,627.62        | 3,962.79        |
| Current maturities of non-current borrowings                 | 1.12            | 1.35            |
| Capital creditors  | 200.18          | 163.75          |
| Trade deposits payable                                       | 8.87            | 7.37            |
| Refund liability   | 17.33           | 17.33           |
| Lease liabilities - Non Current                              | 6.61            | 7.64            |
| Lease liabilities - Current                                  | 1.49            | 1.62            |
| <b>Total financial liabilities carried at amortised cost</b> | <b>4,901.43</b> | <b>4,201.19</b> |



## Notes to the Financial Statements for the year ended March 31, 2022

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

### 22 Other financial liabilities (Contd..)

#### Changes in liabilities arising from financing activities for the year ended March 31, 2022:

| Particulars   | As at<br>April 01, 2021 | Interest    | Financing<br>cash flows | As at<br>March 31, 2022 |
|---|-------------------------|-------------|-------------------------|-------------------------|
| Non-current borrowings (including current maturities) | 40.69                   | –           | (1.36)                  | 39.33                   |
| Lease liabilities                                     | 9.26                    | 0.76        | (1.92)                  | 8.10                    |
| <b>Total liabilities from financing activities</b>    | <b>49.95</b>            | <b>0.76</b> | <b>(3.28)</b>           | <b>47.43</b>            |

#### Changes in liabilities arising from financing activities for the year ended March 31, 2021:

| Particulars   | As at<br>April 01, 2020 | Interest    | Financing<br>cash flows | As at<br>March 31, 2021 |
|---|-------------------------|-------------|-------------------------|-------------------------|
| Non-current borrowings (including current maturities) | 49.60                   | –           | (8.91)                  | 40.69                   |
| Lease liabilities                                     | 10.51                   | 0.66        | (1.91)                  | 9.26                    |
| <b>Total liabilities from financing activities</b>    | <b>60.11</b>            | <b>0.66</b> | <b>(10.82)</b>          | <b>49.95</b>            |

### 23 Deferred tax liability

|   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| <b>Deferred tax liability relating to</b>           |                         |                         |
| Property, plant and equipment and intangible assets | 954.14                  | 799.01                  |
|   | <b>954.14</b>           | <b>799.01</b>           |
| <b>Deferred tax asset relating to</b>               |                         |                         |
| Provision for employee benefits                     | 62.83                   | 56.17                   |
| Allowance for credit losses                         | 13.10                   | 3.58                    |
| Leases  | 0.61                    | 0.45                    |
|   | <b>76.54</b>            | <b>60.20</b>            |
|   | <b>877.60</b>           | <b>738.81</b>           |

#### Deferred tax assets/ (liabilities):

##### For the year ended March 31, 2022:

|   | Opening<br>balance | Recognised in<br>statement of<br>profit and loss | Recognised in<br>other compre-<br>hensive income | Closing<br>balance |
|---|--------------------|--|--|--------------------|
| Property, plant and equipment and intangible assets | 799.01             | 155.13   | –  | 954.14             |
| Provision for employee benefits                     | (56.17)            | (5.37)   | (1.29)   | (62.83)            |
| Allowance for credit losses                         | (3.58)             | (9.52)   | –  | (13.10)            |
| Leases  | (0.45)             | (0.16)   | –  | (0.61)             |
| <b>Deferred tax liability (net)</b>                 | <b>738.81</b>      | <b>140.08</b>                                    | <b>(1.29)</b>                                    | <b>877.60</b>      |

##### For the year ended March 31, 2021:

|                                     | Opening<br>balance | Recognised in<br>statement of<br>profit and loss | Recognised in<br>other compre-<br>hensive income | Closing<br>balance |
|-------------------------------------|--------------------|--|--|--------------------|
| Property, plant and equipment       | 801.00             | (1.99)   | –  | 799.01             |
| Provision for employee benefits     | (47.19)            | (6.05)   | (2.93)   | (56.17)            |
| Allowance for credit losses         | (13.02)            | 9.44   | –  | (3.58)             |
| Leases                              | (0.25)             | (0.20)   | –  | (0.45)             |
| <b>Deferred tax liability (net)</b> | <b>740.54</b>      | <b>1.20</b>                                      | <b>(2.93)</b>                                    | <b>738.81</b>      |

## Notes to the Financial Statements for the year ended March 31, 2022

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

### 24 Provisions

|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| <b>Provision for employee benefits</b> |                         |                         |
| Provision for gratuity (refer note 37) | 111.66                  | 112.09                  |
| Provision for compensatory absences    | 136.07                  | 139.23                  |
|  | <b>247.73</b>           | <b>251.32</b>           |

### 25 Current tax liabilities (net)

|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Income tax (net of advance tax and tax deducted at source) | 179.79                  | 286.90                  |
|  | <b>179.79</b>           | <b>286.90</b>           |

### 26 Other current liabilities

|   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| Statutory dues                                    | 172.83                  | 63.25                   |
| Advances from customers*                          | 339.16                  | 342.47                  |
| Liability towards Corporate Social Responsibility | 40.58                   | 43.76                   |
|   | <b>552.57</b>           | <b>449.48</b>           |

\* Includes amounts received from related parties of ₹7.49 (March 31, 2021: ₹7.88) (refer note 40)

### 27 Revenue from operations

|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| <b>A. Revenue from contract with customers</b> |                                      |                                      |
| <b>A1. Revenue from sale of goods</b>          |                                      |                                      |
| – Domestic                                     | 6,796.98                             | 3,976.96                             |
| – Export                                       | 32,902.90                            | 27,337.50                            |
| <b>(A1)</b>                                    | <b>39,699.88</b>                     | <b>31,314.46</b>                     |
| <b>A2. Revenue from sale of services</b>       |                                      |                                      |
| – Domestic                                     | 1,838.15                             | 1,194.90                             |
| – Export                                       | 2,303.42                             | 1,727.01                             |
| <b>(A2)</b>                                    | <b>4,141.57</b>                      | <b>2,921.91</b>                      |
| <b>Sub-total (A=A1+A2)</b>                     | <b>43,841.45</b>                     | <b>34,236.37</b>                     |
| <b>B. Other operating income</b>               |                                      |                                      |
| – Export incentives                            | 165.63                               | 392.39                               |
| <b>(B)</b>                                     | <b>165.63</b>                        | <b>392.39</b>                        |
| <b>(A+B)</b>                                   | <b>44,007.08</b>                     | <b>34,628.76</b>                     |

## Notes to the Financial Statements

for the year ended March 31, 2022  
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

### 27A Revenue from contract with customers:

#### (i) Disaggregated revenue information

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

|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Revenue from operations - Sale of goods    | 39,699.88                            | 31,314.46                            |
| Revenue from operations - Sale of services | 4,141.57                             | 2,921.91                             |
| <b>Total</b>                               | <b>43,841.45</b>                     | <b>34,236.37</b>                     |
| India                                      | 8,635.13                             | 5,171.86                             |
| Outside India                              | 35,206.32                            | 29,064.51                            |
|  | <b>43,841.45</b>                     | <b>34,236.37</b>                     |
| Timing of revenue recognition              |                                      |                                      |
| Services transferred over time             | 4,141.57                             | 2,921.91                             |
| Goods transferred at a point of time       | 39,699.88                            | 31,314.46                            |
| <b>Total</b>                               | <b>43,841.45</b>                     | <b>34,236.37</b>                     |

#### (ii) Contract balances

|                                    | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|------------------------------------|-------------------------|-------------------------|
| Trade receivables                  | 11,987.83               | 6,709.71                |
| Contract assets (Unbilled revenue) | 109.19                  | -                       |
| Contract liabilities               | 339.16                  | 342.47                  |

#### Refund liabilities

|                             | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|-----------------------------|-------------------------|-------------------------|
| Revenue received in advance | 17.33                   | 17.33                   |
|                             | <b>17.33</b>            | <b>17.33</b>            |

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

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

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

|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Balance at the beginning of the year  | 342.47                               | 342.31                               |
| Revenue recognised during the year  | (311.84)                             | (310.56)                             |
| Contract liabilities recognised during the year                                       | 308.53                               | 310.72                               |
| <b>Balance at the end of the year</b>   | <b>339.16</b>                        | <b>342.47</b>                        |
| Expected revenue recognition from remaining performance obligations - within one year | 339.16                               | 342.47                               |

## Notes to the Financial Statements

for the year ended March 31, 2022  
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

### 27A Revenue from contract with customers: (Contd..)

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

|                                       | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| Balance at the beginning of the year  | 17.33                                | 17.33                                |
| Amount utilised during the year       | -                                    | -                                    |
| <b>Balance at the end of the year</b> | <b>17.33</b>                         | <b>17.33</b>                         |

### 28 Other income

|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Interest on   |                                      |                                      |
| - Fixed deposits  | 1,383.93                             | 856.39                               |
| - Others  | 2.52                                 | 3.10                                 |
| Foreign exchange gain (net)                               | 792.07                               | 405.26                               |
| Profit on disposal of property, plant and equipment (net) | -                                    | 0.24                                 |
| Insurance claim   | 0.44                                 | -                                    |
| Profit on disposal of financial assets - mutual funds     | 29.63                                | -                                    |
| Gain on fair valuation of financial assets - mutual funds | 15.26                                | -                                    |
| Miscellaneous income                                      | 15.55                                | 82.77                                |
|   | <b>2,239.40</b>                      | <b>1,347.76</b>                      |

### 29 Cost of materials consumed

|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Inventory at the beginning of the year | 5,304.01                             | 3,024.35                             |
| Add: Purchases                         | 16,608.32                            | 17,042.56                            |
|  | <b>21,912.33</b>                     | <b>20,066.91</b>                     |
| Less: Inventory at the end of the year | (4,662.51)                           | (5,304.01)                           |
| <b>Cost of raw materials consumed</b>  | <b>17,249.82</b>                     | <b>14,762.90</b>                     |
| Cost of packing materials consumed     | 3,218.80                             | 2,728.73                             |
|  | <b>20,468.62</b>                     | <b>17,491.63</b>                     |

### 30 Changes in inventories of finished goods, stock-in-trade and work-in-progress

|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Inventories at the end of the year       |                                      |                                      |
| Finished goods                           | 591.47                               | 1,759.29                             |
| Work in progress                         | 4,440.69                             | 3,639.77                             |
|  | <b>5,032.16</b>                      | <b>5,399.06</b>                      |
| Inventories at the beginning of the year |                                      |                                      |
| Finished goods                           | 1,759.29                             | 687.33                               |
| Work in progress                         | 3,639.77                             | 1,976.86                             |
|  | <b>5,399.06</b>                      | <b>2,664.19</b>                      |
|  | <b>366.90</b>                        | <b>(2,734.87)</b>                    |



## Notes to the Financial Statements

for the year ended March 31, 2022

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

### 31 Employee benefits expense

|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Salaries, wages and bonus                                   | 2,999.48                             | 2,597.09                             |
| Contribution to provident and other fund                    | 131.35                               | 112.35                               |
| Gratuity expense  | 60.47                                | 51.41                                |
| Staff welfare expenses                                      | 148.15                               | 197.41                               |
| Employee stock option compensation expenses (refer note 38) | 46.21                                | 155.34                               |
|   | <b>3,385.66</b>                      | <b>3,113.60</b>                      |

### 32 Other expenses

|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Stores Consumed   | 401.10                               | 463.00                               |
| Rent (refer note 47)  | 11.18                                | 8.24                                 |
| Repairs and maintenance:  |                                      |                                      |
| – Plant and machinery   | 304.20                               | 301.83                               |
| – Buildings   | 161.65                               | 93.73                                |
| – Other   | 41.54                                | 27.22                                |
| Rates and taxes   | 578.69                               | 370.80                               |
| Quality control expenses  | 409.80                               | 422.62                               |
| Research and development consumables                              | 426.56                               | 321.99                               |
| Legal and professional charges                                    | 185.12                               | 78.23                                |
| Carriage outwards   | 350.80                               | 329.78                               |
| Insurance   | 98.83                                | 63.67                                |
| Printing and stationery   | 32.94                                | 29.02                                |
| Travelling and conveyance   | 18.40                                | 13.85                                |
| Selling and business promotion expenses                           | 20.23                                | 19.51                                |
| Sales commission  | 38.78                                | 17.65                                |
| Postage and courier   | 0.80                                 | 1.96                                 |
| Telephone expenses  | 12.02                                | 10.27                                |
| Vehicle maintenance   | 12.73                                | 9.29                                 |
| <b>Payment to auditors*:</b>                                      |                                      |                                      |
| – Audit fees  | 11.30                                | 9.74                                 |
| – Certifications fees and others                                  | 1.40                                 | 0.28                                 |
| – Out of pocket expenses  | 0.08                                 | 0.09                                 |
| Allowance for credit losses                                       | 37.85                                | 1.22                                 |
| Bad debts written off   | 3.42                                 | 2.76                                 |
| Loss on disposal of property, plant and equipment (net)           | 1.78                                 | –                                    |
| Miscellaneous expenses  | 111.44                               | 86.92                                |
| Corporate social responsibility(CSR) expenditure (refer note 32A) | 199.68                               | 144.23                               |
|   | <b>3,472.32</b>                      | <b>2,827.90</b>                      |

\*Excludes ₹ Nil (March 31, 2021: ₹29.07 (net of taxes)) paid towards Initial Public Offer services of which, the Company's share of expenses amounting to ₹5.61 has been adjusted to Securities premium during the previous year.

## Notes to the Financial Statements

for the year ended March 31, 2022

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

### 32A Details of CSR expenditure

|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| a) Gross amount required to be spent by the company during the year | 199.68                               | 144.23                               |
| b) Amount approved by the Board to be spent during the year         | 199.68                               | 144.23                               |
| c) Amount spent(in cash) during the year :                          |                                      |                                      |
| – i) Construction/acquisition of any asset                          | –                                    | –                                    |
| – ii) On purposes other than (i) above                              | 176.93                               | 100.47                               |
| d) Details related to spent / unspent obligations :                 |                                      |                                      |
| – i) Spent amount in relation to :                                  |                                      |                                      |
| – – Ongoing project   | 4.60                                 | 32.24                                |
| – – Other than ongoing project                                      | 172.33                               | 68.23                                |
| – ii) Unspent amount in relation to :                               |                                      |                                      |
| – – Ongoing project   | 22.75                                | 43.76                                |
| – – Other than ongoing project                                      | –                                    | –                                    |

#### Details of ongoing project and other than ongoing project for the year :

|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| <b>a) Ongoing Projects :</b>   |                                      |                                      |
| Opening Balance :  |                                      |                                      |
| – With Company   | 43.76                                | –                                    |
| – In Separate CSR Unspent A/C  | –                                    | –                                    |
| Amount required to be spent during the year :  | 27.35                                | 76.00                                |
| Amount spent during the year :   |                                      |                                      |
| – From Company's bank A/C  | 4.60                                 | 32.24                                |
| – From Separate CSR Unspent A/C  | 25.92                                | –                                    |
| Closing Balance :  |                                      |                                      |
| – With Company   | 22.75                                | 43.76                                |
| – In Separate CSR Unspent A/C  | 18.34                                | –                                    |
| * Consequent to the Companies (Corporate Social Responsibility Policy) Amendment Rules 2021 ("the Rules"), the Company has transferred the Unspent amount of ₹22.75 to a separate bank account subsequent to the balance sheet date. |                                      |                                      |
| <b>b) Other than ongoing projects :</b>  |                                      |                                      |
| Opening Balance  | –                                    | –                                    |
| Amount deposited in Specified Fund of Sch. VII within 6 months   | –                                    | –                                    |
| Amount required to be spent during the year  | 172.33                               | 68.23                                |
| Amount spent during the year   | 172.33                               | 68.23                                |
| Closing Balance  | –                                    | –                                    |

### 33 Finance expenses

|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Interest expense on others                | 33.26                                | 28.45                                |
| Finance charges on leases (refer note 47) | 0.76                                 | 0.66                                 |
| Bank charges                              | 18.38                                | 5.00                                 |
|   | <b>52.40</b>                         | <b>34.11</b>                         |

## Notes to the Financial Statements

for the year ended March 31, 2022  
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

### 34 Depreciation and amortisation expenses

|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Depreciation on property, plant and equipment       | 1,096.69                             | 985.75                               |
| Depreciation on right-of-use assets (refer note 47) | 1.80                                 | 2.05                                 |
| Amortisation on Intangible assets                   | 4.47                                 | -                                    |
|   | <b>1,102.96</b>                      | <b>987.80</b>                        |

### 35 Taxes

#### (a) Income tax expense:

The major components of income tax expenses for the year ended March 31, 2022 and March 31, 2021 are :

##### (i) Profit or loss section

|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Current tax  | 3,958.83                             | 3,394.46                             |
| Deferred tax credit  | 140.08                               | 1.20                                 |
| Adjustment of current income tax relating to earlier years                 | (30.03)                              | (17.19)                              |
| <b>Total income tax expense recognised in Statement of profit and loss</b> | <b>4,068.88</b>                      | <b>3,378.47</b>                      |

##### (ii) OCI Section

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Deferred tax credit on remeasurement of defined benefit plans | (1.29)                               | (2.93)                               |
| <b>Income tax charged to OCI</b>                              | <b>(1.29)</b>                        | <b>(2.93)</b>                        |

#### (b) Reconciliation of effective tax rate:

| Particulars  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Profit before tax (A)                              | 16,190.43                            | 13,348.52                            |
| Enacted tax rate in India (B)                      | 25.168%                              | 25.168%                              |
| Expected tax expenses (C = A*B)                    | 4,074.81                             | 3,359.56                             |
| <b>Tax effect of:</b>                              |                                      |                                      |
| Expenses disallowed under the Income Tax Act, 1961 | 50.90                                | 37.76                                |
| Adjustment for taxes with respect to earlier years | (30.03)                              | (17.19)                              |
| Impact of capital gain tax                         | -                                    | (2.22)                               |
| Income not taxable under the Income Tax Act, 1961  | (28.66)                              | -                                    |
| Others(net)  | 1.86                                 | 0.56                                 |
| <b>Total (D)</b>                                   | <b>(5.93)</b>                        | <b>18.91</b>                         |
| Expected tax expense (C+D)                         | 4,068.88                             | 3,378.47                             |
| Income tax expense                                 | 4,068.88                             | 3,378.47                             |
| Effective tax rate                                 | 25.13%                               | 25.31%                               |

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

## Notes to the Financial Statements

for the year ended March 31, 2022  
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### 36 Earnings per share (EPS)

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

|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| i) Profit for the year attributable to equity shareholders (₹)          | 12,121.55                            | 9,970.05                             |
| ii) Weighted average number of equity shares in calculating basic EPS   | 164,153,034                          | 158,076,908                          |
| iii) Dilutive effect of stock options outstanding                       | 384,749                              | 201,266                              |
| iv) Weighted average number of equity shares in calculating diluted EPS | 164,537,783                          | 158,278,174                          |
| v) Face value of each equity share (₹)                                  | 1.00                                 | 1.00                                 |
| vi) Basic earnings per share (₹)  | 73.84                                | 63.07                                |
| vii) Diluted earnings per share (₹)                                     | 73.67                                | 62.99                                |

### 37 Employee benefit plans

#### I Defined benefit plan

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

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

|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Current service cost                           | 54.03                                | 47.20                                |
| Interest cost on net defined benefit liability | 6.44                                 | 4.21                                 |
| <b>Net employee benefit expenses</b>           | <b>60.47</b>                         | <b>51.41</b>                         |

#### B) Amount recognised in the Balance Sheet

|                                      | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--------------------------------------|-------------------------|-------------------------|
| Defined benefit obligation           | 437.29                  | 376.88                  |
| Fair value of plan assets            | (325.63)                | (264.79)                |
| <b>Net defined benefit liability</b> | <b>111.66</b>           | <b>112.09</b>           |

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

|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Opening defined benefit obligation  | 376.88                               | 305.20                               |
| Current service cost  | 54.03                                | 47.20                                |
| Interest cost   | 21.64                                | 18.28                                |
| Benefits paid   | (12.84)                              | (13.80)                              |
| Net Actuarial (losses)/gain on obligation for the year recognised under OCI | (2.42)                               | 20.00                                |
| <b>Closing defined benefit obligation</b>                                   | <b>437.29</b>                        | <b>376.88</b>                        |



## Notes to the Financial Statements

for the year ended March 31, 2022  
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

### 37 Employee benefit plans (Contd..)

#### D) Change in the fair value of plan assets

|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Opening fair value of plan assets  | 264.79                               | 235.01                               |
| Return on plan assets  | 15.21                                | 14.07                                |
| Contributions  | 66.03                                | 21.15                                |
| Benefits paid  | (12.84)                              | (13.80)                              |
| Net Actuarial (losses)/gain on plan assets for the year recognised under OCI | (7.56)                               | 8.36                                 |
| <b>Closing fair value of plan assets</b>                                     | <b>325.63</b>                        | <b>264.79</b>                        |

The Company expects to contribute ₹163.24 to the gratuity fund in the next year (March 31, 2021: ₹157.66)

The average duration of the defined benefit obligation at the end of reporting period is 5 years (March 31, 2021 : 5 years)

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

|                      | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|----------------------|--------------------------------------|--------------------------------------|
| Investments with LIC | 100%                                 | 100%                                 |

#### E) Re-measurement adjustments:

|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Experience loss on plan liabilities                                  | 11.06                                | 23.52                                |
| Experience loss on plan assets                                       | 7.56                                 | (8.36)                               |
| Financial loss on plan liabilities                                   | (9.36)                               | 5.69                                 |
| Demographic gain on plan liabilities                                 | (4.12)                               | (9.21)                               |
| <b>Re measurement loss recognised in other comprehensive income:</b> | <b>5.14</b>                          | <b>11.64</b>                         |

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

|                | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|----------------|--------------------------------------|--------------------------------------|
| Discount rate  | 6.15%                                | 5.75%                                |
| Salary rise    | 10.00%                               | 10.00%                               |
| Attrition rate | 19.00%                               | 18.00%                               |

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

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

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

## Notes to the Financial Statements

for the year ended March 31, 2022  
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

### 37 Employee benefit plans (Contd..)

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

Expected benefit payments:

|            | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|------------|--------------------------------------|--------------------------------------|
| 1 year     | 85.66                                | 68.16                                |
| 2-5 years  | 234.02                               | 189.97                               |
| 6-10 years | 175.72                               | 153.29                               |
| >10 years  | 126.74                               | 127.28                               |

#### (iii) Sensitivity analysis:

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

|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| (a) Effect of 1% change in assumed discount rate      |                                      |                                      |
| – 1% increase   | 416.33                               | 357.31                               |
| – 1% decrease   | 459.83                               | 398.04                               |
| (b) Effect of 1% change in assumed salary growth rate |                                      |                                      |
| – 1% increase   | 458.79                               | 396.98                               |
| – 1% decrease   | 416.85                               | 357.86                               |
| (c) Effect of 50% change in assumed attrition rate    |                                      |                                      |
| – 50% increase  | 410.13                               | 349.76                               |
| – 50% decrease  | 498.21                               | 438.48                               |

The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

### II Defined contribution plan

|                                | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--------------------------------|--------------------------------------|--------------------------------------|
| Contribution to provident fund | 131.35                               | 112.35                               |

### III Compensated absences

The Company provides for accumulation of compensated absences by certain categories of its employees. These employees can carry forward a portion of the unutilised compensated absences and utilise them in future periods or receive cash in lieu thereof as per the Company's policy. The Company records a liability for compensated absences in the period in which the employee renders the services that increases this entitlement. The total charge to statement of profit and loss is amounting to ₹7.85 mn and ₹38.81 mn for the year ended March 31, 2022 and March 31, 2021 respectively.

### 38 Share-based payments

The Company instituted the Gland Pharma Employee Stock Option Scheme 2019 ('ESOP Scheme 2019') pursuant to approval of the Gland Pharma Employee Stock Option Plan 2019 ('Plan'). ESOP Scheme 2019 has been approved by special resolution on May 24, 2019 by the shareholders at the General meeting of the Company. The scheme is to grant options to eligible employees. The Compensation Committee of the Board, based on satisfaction of prescribed criteria like number of years of service of the employee, industry experience of the employee, grade or level of the employee etc.; identifies the employees eligible for the scheme. The maximum number of shares that may be issued pursuant to exercise of options granted to the participants under ESOP plan and the relevant notified scheme(s) shall not exceed 1,704,440 shares (after subdivision of equity shares). Out of 1,704,440 shares, the committee granted 1,549,500 shares on June 27, 2019 (grant date) to eligible employees.

## Notes to the Financial Statements

for the year ended March 31, 2022  
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

### 38 Share-based payments (Contd..)

The method of settlement under scheme is by issue of equity shares of the Company and there are no cash settlement alternatives for the employees. Each option comprises of one underlying equity share of ₹1/- each (after subdivision of equity shares). The said options shall vest as 40%, 30% and 30% over the variable period subject to satisfaction of Employee performance conditions specified in the Grant Letter.

The details of ESOP Scheme are summarised below (after subdivision of equity shares):

| Grant     | Grant date    | Number of options granted | Exercise price | Weighted average fair value of option at grant date |
|-----------|---------------|---------------------------|----------------|---|
| 1st Grant | June 27, 2019 | 1,549,500                 | 542.00         | 248.46  |

#### Movements during the year

|   | For the year ended<br>March 31, 2022 |   | For the year ended<br>March 31, 2021 |   |
|---|--------------------------------------|---|--------------------------------------|---|
|   | No. of Shares                        | Weighted average exercise prices (WAEP) | No. of Shares                        | Weighted average exercise prices (WAEP) |
| <b>Outstanding as at beginning of year</b>  | 1,170,400                            | –                                       | 1,503,500                            | –                                       |
| Granted during the year   | –                                    | –                                       | –                                    | –                                       |
| Exercised during the year   | (709,800)                            | 542.00                                  | (310,100)                            | 542                                     |
| Lapsed during the year  | (5,100)                              | –                                       | (23,000)                             | –                                       |
| <b>Outstanding as at end of the year</b>  | <b>455,500</b>                       | –                                       | <b>1,170,400</b>                     | –                                       |
| Weighted average remaining contractual life for the stock option outstanding as at reporting date (years) | Nil                                  | –                                       | Nil, 0.75 and 1.75                   | –                                       |
| Exercise price for options outstanding at the end of the year (₹)   | 542.00                               | –                                       | 542.00                               | –                                       |
| Weighted average fair value of stock options granted during the year (₹)                                  | 248.46                               | –                                       | 248.46                               | –                                       |

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

|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Time to maturity (years)  | 1,2 and 3                            | 1,2 and 3                            |
| Fair value price  | 677.50                               | 677.50                               |
| Exercise price*   | 542.00                               | 542.00                               |
| Option life (years)   | 3.00                                 | 3.00                                 |
| Expected volatility (%)   | 30%                                  | 30%                                  |
| Risk-free interest rate (%)   | 7.35%                                | 7.35%                                |
| Expected dividends (%)  | 0%                                   | 0%                                   |
| Expected term based on vesting period (weighted average term of vesting period in years) ** | 1.5, 2.5 and 3.5                     | 1.5, 2.5 and 3.5                     |

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

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

#### Share-based payment expense

|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Equity settled share-based payment expense            | 46.21                                | 155.34                               |
| <b>Total expense arising from share-based payment</b> | <b>46.21</b>                         | <b>155.34</b>                        |

## Notes to the Financial Statements

for the year ended March 31, 2022  
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

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

|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| (a) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting period.  | 90.48                                | 93.32                                |
| (b) The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting period.  | –                                    | –                                    |
| (c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.   | –                                    | –                                    |
| (d) The amount of interest accrued and remaining unpaid at the end of each accounting period; and   | –                                    | –                                    |
| (e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006. | –                                    | –                                    |

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

### 40 Related party disclosures

#### Names of related parties and description of relationship

| Name of the related party   | Relationship                            |
|---|---|
| Shanghai Fosun Pharmaceutical (Group) Co., Ltd., China  | Ultimate Holding Company                |
| Fosun Pharma Industrial Pte. Ltd., Singapore  | Holding Company of Gland Pharma Limited |
| <b>Subsidiary</b>   |   |
| Gland Pharma International Pte. Ltd., Singapore (incorporated on March 10, 2021) (refer note 52)                        |   |
| <b>Step-down subsidiary</b>   |   |
| Gland Pharma USA Inc., USA (incorporated on March 7, 2022) (refer note 52)  |   |
| <b>Fellow subsidiaries*</b>   |   |
| Avanc Pharma Distribution Co., Ltd., China<br>(Formerly known as Ahon Pharma Distribution Co., Ltd.)                    |   |
| Avanc Pharmaceutical Co., Ltd., China<br>(Formerly known as Ahon Pharmaceutical Co., Ltd.)                              |   |
| Breas Medical AB, Sweden  |   |
| Chongqing Carelife Pharmaceutical Co., Ltd., China  |   |
| Fosun Diagnostics (Shanghai) Co. Ltd., China<br>(Formerly known as Shanghai Fosun Long March Medical Science Co., Ltd.) |   |
| Fosun Pharma Sp. z o.o., Poland   |   |
| Fosun Pharma USA Inc., USA  |   |
| Guilin Pharmaceutical Co., Ltd., China  |   |
| Shanghai Fosun Pharmaceutical Distribution Co. Ltd., China  |   |
| Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd., China   |   |
| Suzhou Erye Pharmaceutical Co. Ltd., China  |   |

## Notes to the Financial Statements

for the year ended March 31, 2022

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

### 40 Related party disclosures (Contd..)

| Name of the related party   | Relationship  |
|---|---|
| Tridem Pharma SAS, France   |   |
| Wanbang Biopharmaceutical Company Limited, China<br>(Formerly known as Jiangsu Wanbang Biopharmaceutical Company Limited) |   |
| <b>Enterprise over which Key Management Personnel exercise significant influence<sup>#</sup></b>                          |   |
| Gland Chemicals Private Limited, India (till December 03, 2020)   |   |
| Gland Celsus Bio Chemicals Private Limited, India (till December 03, 2020)  |   |
| Dhananjaya Properties LLP (till December 03, 2020)  |   |
| Sasikala Properties LLP (till December 03, 2020)  |   |
| <b>Key Management Personnel<sup>#</sup></b>   |   |
| Ravindranath Penmetsa (Dr. Ravi Penmetsa)   | Director in Fosun Pharma Industrial Pte. Ltd.<br>(w.e.f June 03, 2019 till December 03, 2020) |
| Srinivas Sadu   | Managing Director and Chief Executive Officer   |
| Ravi Shekhar Mitra  | Chief Financial Officer   |
| Satyanarayana Murthy Chavali  | Independent Director  |
| Moheb Ali Mohammed  | Independent Director<br>(upto October 8, 2020)  |
| Yiu Kwan Stanley Lau  | Chairman and Independent Director   |
| P. Sampath Kumar  | Company Secretary   |
| Udo J. Vetter   | Non-Executive Director<br>(upto July 21, 2021)  |
|   | Independent Director<br>(w.e.f. July 21, 2021)  |
| Essaji Goolam Vahanvati   | Independent Director<br>(w.e.f. September 30, 2020)   |
| Nainalal Kidwai   | Independent Director<br>(w.e.f. May 17, 2021)   |
| <b>Relatives of Key Management Personnel<sup>#</sup></b>  |   |
| K. Jhansi Lakshmi (till December 03, 2020)  |   |

<sup>#</sup>Parties with whom transactions are entered

### Transactions during the year:

|  | Nature                   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------|--------------------------------------|--------------------------------------|
| <b>Enterprise over which Key Management Personnel exercise significant influence</b> |                          |                                      |                                      |
| Gland Celsus Biochemicals Private Limited  | Sale of service          | –                                    | 17.11                                |
| Gland Chemicals Private Limited  | Purchase of raw material | –                                    | 1,085.11                             |
| Gland Chemicals Private Limited  | Sale of goods            | –                                    | 3.69                                 |
| Dhananjaya Properties LLP  | Rent expense             | –                                    | 1.63                                 |
| Sasikala Properties LLP  | Rent expense             | –                                    | 0.60                                 |
| <b>Subsidiary</b>  |                          |                                      |                                      |
| Gland Pharma International Pte Ltd.  | Investment made          | 76.08                                | 5.49                                 |
| <b>Ultimate Holding Company</b>  |                          |                                      |                                      |
| Shanghai Fosun Pharmaceutical (Group) Co., Ltd.                                      | Sale of service          | –                                    | 11.40                                |
| <b>Holding Company of Gland Pharma Limited</b>                                       |                          |                                      |                                      |
| Fosun Pharma Industrial Pte. Ltd.  | Sale of service          | –                                    | 18.00                                |

## Notes to the Financial Statements

for the year ended March 31, 2022

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

### 40 Related party disclosures (Contd..)

|  | Nature  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|---|--------------------------------------|--------------------------------------|
| <b>Fellow subsidiaries</b>   |   |                                      |                                      |
| Avanc Pharma Distribution Co., Ltd.                                    | Sale of service                                   | 7.17                                 | –                                    |
| Avanc Pharmaceutical Co., Ltd.   | Sale of service                                   | 0.72                                 | –                                    |
| Breas Medical AB   | Purchase of goods                                 | 40.96                                | –                                    |
| Chongqing Carelife Pharmaceutical Co., Ltd.                            | Purchase of raw material                          | 74.23                                | 93.74                                |
| Fosun Diagnostics (Shanghai) Co. Ltd.                                  | Purchase of traded goods                          | –                                    | 24.12                                |
| Fosun Diagnostics (Shanghai) Co. Ltd.                                  | Purchase returns                                  | 12.74                                | –                                    |
| Fosun Pharma Sp. z o.o.  | Reimbursement of expense                          | –                                    | 0.34                                 |
| Fosun Pharma USA Inc.  | Sale of goods                                     | 1,261.65                             | 809.50                               |
| Fosun Pharma USA Inc.  | Sale of service                                   | 47.00                                | 226.94                               |
| Fosun Pharma USA Inc.  | Reimbursement of expense                          | 54.08                                | 43.03                                |
| Guilin Pharmaceutical Co., Ltd.  | Sale of goods                                     | –                                    | 5.05                                 |
| Shanghai Fosun Pharmaceutical Distribution Co. Ltd.                    | Reimbursement of expense                          | –                                    | 1.09                                 |
| Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.         | Reimbursement of expense                          | 0.88                                 | –                                    |
| Suzhou Erye Pharmaceutical Co. Ltd.                                    | Purchase of raw material                          | –                                    | 0.21                                 |
| Tridem Pharma SAS  | Sale of goods                                     | 372.10                               | 60.57                                |
| Wanbang Biopharmaceutical Company Limited                              | Purchase of raw material                          | 1,097.59                             | 908.40                               |
| Wanbang Biopharmaceutical Company Limited                              | Sale of service                                   | –                                    | 12.06                                |
| <b>Key Management Personnel<sup>#</sup></b>                            |   |                                      |                                      |
| Managing Director & CEO, Chief Financial Officer and Company Secretary | Salaries and other employee benefits <sup>®</sup> | 143.84                               | 127.43                               |
| Non-executive / independent directors                                  | Commission and other benefits                     | 24.17                                | 10.45                                |
| <b>Relatives of Key Management Personnel</b>                           |   |                                      |                                      |
| K. Jhansi Lakshmi  | Rent expense                                      | –                                    | 0.61                                 |

### Closing balances receivable/(payable) (Unsecured):

|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Avanc Pharma Distribution Co., Ltd.                            | –                       | (7.16)                  |
| Avanc Pharmaceutical Co., Ltd.                                 | –                       | (0.72)                  |
| Fosun Diagnostics (Shanghai) Co. Ltd.                          | –                       | (16.63)                 |
| Fosun Pharma USA Inc.  | 353.89                  | 357.97                  |
| Fosun Pharma USA Inc.  | (7.49)                  | –                       |
| Shanghai Fosun Pharmaceutical (Group) Co., Ltd.                | –                       | 11.45                   |
| Shanghai Fosun Pharmaceutical Distribution Co. Ltd.            | –                       | 0.64                    |
| Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd. | 0.50                    | –                       |
| Tridem Pharma SAS  | 10.15                   | 5.42                    |
| Wanbang Biopharmaceutical Company Limited                      | 328.65                  | –                       |
| Payable to Key Management Personnel                            | (21.94)                 | (8.02)                  |

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

<sup>®</sup>Includes employee stock option compensation expenses amounting to ₹8.02 (March 31, 2021 : ₹26.94)

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



## Notes to the Financial Statements

for the year ended March 31, 2022  
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### 41 Significant accounting judgements, estimates and assumptions

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

#### Judgements, estimates and assumptions

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

#### (i) Defined employee benefit plans (Gratuity)

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

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

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries. Further details about gratuity obligations are given in note 37.

#### (ii) Depreciation on property, plant and equipment

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

its estimate of the useful lives and residual values of property, plant and equipment.

#### (iii) Leases - Estimating the incremental borrowing rate

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

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

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

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

#### (v) Estimation of net realisable value of inventories

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

#### (vi) Share based payment

The Company measures the cost of equity-settled transactions with employees using Black Scholes model. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 38.

## Notes to the Financial Statements

for the year ended March 31, 2022  
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### 42 Fair Values

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

|  | Carrying value          |                         | Fair value              |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| <b>Financial assets at amortised cost:</b>                             |                         |                         |                         |                         |
| Loans and others   | 2,470.85                | 390.44                  | 2,470.85                | 390.44                  |
| Trade receivables  | 11,987.83               | 6,709.71                | 11,987.83               | 6,709.71                |
| Cash and cash equivalents  | 3,111.82                | 4,919.15                | 3,111.82                | 4,919.15                |
| Bank balances other than 'Cash and cash equivalents'                   | 27,746.21               | 25,132.87               | 27,746.21               | 25,132.87               |
| <b>Financial assets at cost:</b>                                       |                         |                         |                         |                         |
| Investment in unquoted equity shares                                   | 81.57                   | 5.49                    | 81.57                   | 5.49                    |
| <b>Financial assets at Fair value through profit and loss account:</b> |                         |                         |                         |                         |
| Investment in unquoted mutual funds                                    | 1,548.74                | –                       | 1,548.74                | –                       |
| <b>Financial liabilities at amortised cost:</b>                        |                         |                         |                         |                         |
| Borrowings (including current maturities)                              | 39.33                   | 40.69                   | 39.33                   | 40.69                   |
| Trade payables   | 4,627.62                | 3,962.79                | 4,627.62                | 3,962.79                |
| Other financial liabilities  | 234.48                  | 197.71                  | 234.48                  | 197.71                  |

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

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

### 43 Financial risk management objectives and policies

#### Financial Risk Management Framework

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

#### A Credit Risk

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

#### Trade receivables:

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

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

## Notes to the Financial Statements

for the year ended March 31, 2022  
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

### 43 Financial risk management objectives and policies (Contd..)

#### Exposure to credit risk:

#### B Liquidity Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹11,987.83 and ₹6,709.71 as of March 31, 2022 and March 31, 2021 respectively, being the total of the carrying amount of balances with trade receivables.

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

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

|   | Up to 1 Year    | 1 to 3 years | 3 to 5 years | > 5 years    | Total           |
|---|-----------------|--------------|--------------|--------------|-----------------|
| <b>March 31, 2022:</b>                    |                 |              |              |              |                 |
| Borrowings (including current maturities) | 1.12            | 12.70        | 25.51        | –            | 39.33           |
| Trade payables                            | 4,627.62        | –            | –            | –            | 4,627.62        |
| Other financial liabilities               | 228.77          | 5.70         | 0.75         | –            | 235.22          |
|   | <b>4,857.51</b> | <b>18.40</b> | <b>26.26</b> | <b>–</b>     | <b>4,902.17</b> |
| <b>March 31, 2021:</b>                    |                 |              |              |              |                 |
| Borrowings (including current maturities) | 1.35            | 6.80         | 21.52        | 11.02        | 40.69           |
| Trade payables                            | 3,962.79        | –            | –            | –            | 3,962.79        |
| Other financial liabilities               | 190.84          | 5.10         | 3.74         | –            | 199.68          |
|   | <b>4,154.98</b> | <b>11.90</b> | <b>25.26</b> | <b>11.02</b> | <b>4,203.16</b> |

#### Maturity analysis of lease liabilities is as follows:

|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Within one year                                | 2.39                    | 2.39                    |
| After one year but not more than three years   | 5.70                    | 5.10                    |
| After three years but not more than five years | 0.75                    | 3.74                    |
| More than five years                           | –                       | –                       |
|  | <b>8.84</b>             | <b>11.23</b>            |

#### C Market Risk

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

##### C1. Foreign currency risk

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

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

## Notes to the Financial Statements

for the year ended March 31, 2022  
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

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

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

|                          | Currency | As at March 31, 2022             |                |                    | As at March 31, 2021             |                |                    |
|--------------------------|----------|----------------------------------|----------------|--------------------|----------------------------------|----------------|--------------------|
|                          |          | Amount<br>in Foreign<br>Currency | Amount<br>in ₹ | Conversion<br>Rate | Amount<br>in Foreign<br>Currency | Amount<br>in ₹ | Conversion<br>Rate |
| Cash and cash equivalent | USD      | 28.21                            | 2,123.94       | 75.30              | 40.12                            | 2,930.32       | 73.04              |
|                          | EURO     | 2.47                             | 206.94         | 83.79              | 0.31                             | 26.51          | 85.27              |
| Trade receivables        | USD      | 113.87                           | 8,574.26       | 75.30              | 79.34                            | 5,795.27       | 73.04              |
|                          | EURO     | 2.72                             | 227.81         | 83.79              | 1.03                             | 87.53          | 85.27              |
|                          | AUD      | –                                | –              | –                  | 0.07                             | 3.66           | 55.24              |
| Trade payables           | CAD      | 0.84                             | 50.50          | 59.99              | 0.52                             | 30.04          | 57.71              |
|                          | USD      | 33.11                            | 2,520.08       | 76.10              | 29.87                            | 2,206.43       | 73.86              |
|                          | EURO     | 0.51                             | 43.55          | 85.11              | 1.99                             | 172.18         | 86.63              |
|                          | GBP      | 0.00                             | 0.45           | 100.17             | 0.03                             | 2.96           | 101.76             |
| Capital creditors        | NOK      | 0.11                             | 0.93           | 8.64               | –                                | –              | –                  |
|                          | USD      | 1.37                             | 104.27         | 76.11              | 1.00                             | 73.63          | 73.86              |
|                          | EURO     | 0.33                             | 27.81          | 85.11              | 0.06                             | 4.92           | 86.63              |

### (b) Foreign currency sensitivity:

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

|                       | Change in exchange rate |          | Effect on profit before tax |         |
|-----------------------|-------------------------|----------|-----------------------------|---------|
|                       | Increase                | Decrease | Increase/(Decrease)         |         |
| <b>March 31, 2022</b> |                         |          |                             |         |
| USD                   | 1.00%                   | 1.00%    | 80.74                       | (80.74) |
| EURO                  | 1.00%                   | 1.00%    | 3.63                        | (3.63)  |
| <b>March 31, 2021</b> |                         |          |                             |         |
| USD                   | 1.00%                   | 1.00%    | 64.45                       | (64.45) |
| EURO                  | 1.00%                   | 1.00%    | (0.63)                      | 0.63    |

### 44 Fair value Hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities measured at fair value.

#### Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2022:

|  | As at<br>March 31, 2022 | Quoted prices in<br>active markets<br>(Level 1) | Significant<br>observable<br>inputs (Level 2) | Significant<br>unobservable<br>inputs (Level 3) |
|--|-------------------------|---|---|---|
| <b>Assets</b>  |                         |   |   |   |
| <b>Investments at fair value through profit and loss account</b> |                         |   |   |   |
| Unquoted mutual funds (refer note 8)                             | 1,548.74                | 1,548.74  | –   | –   |

There are no Investments at Fair value through profit and loss account as at March 31, 2021.

## Notes to the Financial Statements for the year ended March 31, 2022

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### 45 Capital management

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

The Company determines the capital requirement based on annual operating plans, long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements as it does not have any interest-bearing loans in the current period.

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

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2022 and March 31, 2021.

### 46 Commitments and contingencies

#### a. Commitments

|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 1,117.62                | 1,445.31                |
| Other commitments  | Nil                     | Nil                     |

#### b. Contingent liabilities

|   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| (i) Outstanding bank guarantees (excluding performance obligations)   | 17.86                   | 638.24                  |
| (ii) Claims against the Company not acknowledged as debts   | 31.78                   | 31.78                   |
| (iii) Demand for direct taxes   | 17.25                   | 16.76                   |
| (iv) Demand for indirect taxes  |                         |                         |
| Entry tax   | 46.95                   | 46.95                   |
| Service tax   | 8.50                    | 7.99                    |
| Value Added Tax and CST   | 5.30                    | 5.30                    |
| v) Provident Fund   |                         |                         |
| There are numerous interpretative issues relating to the Supreme Court (SC) judgement on Provident Fund (PF) dated 28th February, 2019. As a matter of caution, the Company has accordingly made the payments prospectively w.e.f. the order date. The Company will update its position, on receiving further clarity on the subject. |                         |                         |

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

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

## Notes to the Financial Statements for the year ended March 31, 2022

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### 47 Leases

#### Company as a Lessee

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

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

|                             | Amount      |
|-----------------------------|-------------|
| <b>As at April 01, 2020</b> | <b>9.51</b> |
| Depreciation expense        | (2.05)      |
| <b>As at March 31, 2021</b> | <b>7.46</b> |
| Depreciation expense        | (1.80)      |
| <b>As at March 31, 2022</b> | <b>5.66</b> |

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

|                             | Amount       |
|-----------------------------|--------------|
| <b>As at April 01, 2020</b> | <b>10.51</b> |
| Accretion of interest       | 0.66         |
| Payment                     | (1.91)       |
| <b>As at March 31, 2021</b> | <b>9.26</b>  |
| Accretion of interest       | 0.76         |
| Payment                     | (1.92)       |
| <b>As at March 31, 2022</b> | <b>8.10</b>  |

For Maturity analysis of lease liabilities refer note 43B

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

|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Depreciation expense on right-of-use assets                        | 1.80                                 | 2.05                                 |
| Interest expense on lease liabilities                              | 0.76                                 | 0.66                                 |
| Expense relating to short-term leases (included in other expenses) | 11.18                                | 8.24                                 |
| <b>Total amount recognised in statement of profit and loss</b>     | <b>13.74</b>                         | <b>10.95</b>                         |

The Company has total cash outflow for leases of ₹1.92 Mn and ₹1.91 Mn for the year ended March 31, 2022 and March 31, 2021 respectively.

### 48 Segment reporting

In accordance with Ind AS 108 "Operating Segments", segment information has been given in the consolidated financial statements of the Company, and therefore no separate disclosure on segment information is given in these financial statements.



## Notes to the Financial Statements

for the year ended March 31, 2022  
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**49** The Company has completed the Initial Public Offer ("IPO") of 43,196,968 Equity Shares of the face value of ₹1/- each at an issue price of ₹1,500/- per Equity Share, comprising offer for sale of 34,863,635 shares by Selling Shareholders and fresh issue of 8,333,333 shares. The Equity Shares of the Company were listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") on November 20, 2020.

The utilisation of the net IPO proceeds is summarised below:

| Objects of the issue                            | Amount as per prospectus | Revised Amount   | Utilisation upto 31-Mar-22 | Unutilised amounts as at 31-Mar-22 |
|---|--------------------------|------------------|----------------------------|------------------------------------|
| Funding incremental working capital requirement | 7,695.00                 | 7,695.00         | 7,695.00                   | -                                  |
| Funding capital expenditure requirement         | 1,680.00                 | 1,680.00         | 1,440.04                   | 239.96                             |
| General corporate purpose                       | 2,864.68                 | 2,875.00         | 2,875.00                   | -                                  |
| <b>Total</b>                                    | <b>12,239.68</b>         | <b>12,250.00</b> | <b>12,010.04</b>           | <b>239.96</b>                      |

IPO proceeds which were unutilised as at March 31, 2022 were temporarily invested in deposits with scheduled commercial bank and in monitoring agency account.

### 50 Research and development

|  | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|--|-----------------------------------|-----------------------------------|
| Revenue expenditure (including depreciation) | 1,931.54                          | 1,198.59                          |
| Capital expenditure                          | 341.88                            | 20.96                             |
|  | <b>2,273.42</b>                   | <b>1,219.55</b>                   |

**51** The Code of Social Security 2020 ('Code') relating to employee benefits during employment and post-employment received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period in which the Code becomes effective.

**52** On March 10, 2021, the Company has subscribed to 100% of shares in Gland Pharma International Pte. Ltd., Singapore (the "Subsidiary") by way of subscription to the Memorandum of Association. On March 7, 2022, the Subsidiary has subscribed to the 100% shares of Gland Pharma USA Inc., USA (the "Step-down subsidiary"). There are no significant operations in these entities for the year ending March 31, 2022.

## Notes to the Financial Statements

for the year ended March 31, 2022  
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

### 53 Ratio Analysis and its elements

| Ratio                             | Numerator                                | Denominator                             | March 31, 2022 | March 31, 2021 | % change |
|-----------------------------------|--|---|----------------|----------------|----------|
| Current Ratio                     | Current assets                           | Current liabilities                     | 10.04          | 10.00          | 0%       |
| Debt- Equity Ratio                | Total Debt <sup>(1)</sup>                | Shareholder's Equity                    | 0.00           | 0.00           | 0%       |
| Debt service Coverage Ratio       | Earnings for debt service <sup>(2)</sup> | Debt service <sup>(3)</sup>             | 361.92         | 327.39         | 11%      |
| Return on Equity (ROE)            | Net Profits after taxes                  | Average Shareholder's Equity            | 19%            | 21%            | -10%     |
| Inventory Turnover Ratio          | Cost of goods sold                       | Average Inventory                       | 2.18           | 1.98           | 10%      |
| Trade Receivable Turnover Ratio   | Revenue from operations                  | Average Trade receivable                | 4.71           | 5.44           | -13%     |
| Trade Payable Turnover Ratio      | Cost of goods sold                       | Average Trade payables                  | 6.25           | 6.19           | 1%       |
| Net Capital Turnover Ratio        | Revenue from operations                  | Working capital <sup>(4)</sup>          | 0.84           | 0.75           | 12%      |
| Net Profit Ratio                  | Net Profit after taxes                   | Revenue from operations                 | 28%            | 29%            | -3%      |
| Return on Capital Employed (ROCE) | EBIT <sup>(5)</sup> - taxes              | Average capital employed <sup>(6)</sup> | 18%            | 21%            | -14%     |
| Return on Investment (ROI)        |  |   |                |                |          |
| -Unquoted - mutual funds          | Income generated from investments        | Time weighted average investments       | 4%             | NA*            | NA*      |
| -Unquoted - Others                | Income generated from investments        | Time weighted average investments       | 5%             | 5%             | 0%       |

<sup>(1)</sup> Debt represents borrowings and lease liabilities

<sup>(2)</sup> Earnings for debt service represents Net profit after taxes + Non-cash operating expenses

<sup>(3)</sup> Debt service represents Interest & Lease payments + Principal repayments

<sup>(4)</sup> Working capital represents Current assets – Current liabilities

<sup>(5)</sup> EBIT represents Earnings before Interest and Taxes

<sup>(6)</sup> Capital employed represents Total Assets – Current liabilities

\*Income from unquoted mutual funds is not there in the previous year

### 54 Other Statutory Information

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company does not have any transactions with companies struck off.
- (iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

## Notes to the Financial Statements

for the year ended March 31, 2022  
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

(vii) The Company has not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

### 55 Impact of COVID-19 Outbreak

The outbreak of COVID-19 in many countries has brought about disruptions to businesses around the world and uncertainty to the global economy. The Company is closely monitoring the impact of the pandemic on all aspects of its business, including how it will impact its customers, employees, vendors and business partners. Based on the current estimates, the Company expects to fully recover the carrying amount of assets and does not foresee any significant impact on its operations. The Company will continue to closely monitor any material changes to future economic conditions.

### 56 Subsequent events

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

As per our report of even date attached

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

per **Navneet Rai Kabra**  
Partner  
Membership No. 102328

Place: Hyderabad  
Date: May 19, 2022

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

**Srinivas Sadu**  
Managing Director and  
Chief Executive Officer  
DIN: 06900659

**P. Sampath Kumar**  
Company Secretary

Place: Hyderabad  
Date: May 19, 2022

**Satyanarayana Murthy Chavali**  
Independent Director  
DIN: 00142138

**Ravi Shekhar Mitra**  
Chief Financial Officer

# Financial Statements



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## Consolidated Financial Statements

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# Independent Auditor's Report

## To the Members of Gland Pharma Limited

### Report on the Audit of the Consolidated Ind AS Financial Statements

#### Opinion

We have audited the accompanying consolidated Ind AS financial statements of Gland Pharma Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31, 2022, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2022, their consolidated profit including other comprehensive loss, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our

responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group, in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

#### Key audit matters

##### Revenue from sale of products and services

Refer to Note 2.2 (e) of the summary of significant accounting policies to the consolidated Ind AS financial statements.

Revenue is recognised when the entity has transferred the control for the promised goods or on completion of performance obligation. The Group has a large number of customers operating in various geographies and sale contracts with customers have different terms relating to the recognition of revenue.

#### How our audit addressed the key audit matter

Our audit procedures included the following:

- We evaluated the Group's accounting policies related to revenue recognition and assessed its compliance in terms of Ind AS 115 'Revenue from contracts with customers';
- We performed a walkthrough, evaluated the design and tested the operating effectiveness of controls related to the revenue recognition process;

# Independent Auditor's Report

#### Key audit matters

Terms of sales arrangement, including the timing of transfer of control, Inco terms and identification of Performance obligations in case of service contracts require significant judgement in determining revenue.

We identified the recognition of revenue from sale of products and services as a key audit matter as revenue is a key performance indicator and there could be a risk that revenue is recognised in the incorrect period.

#### How our audit addressed the key audit matter

- For revenue from sale of products, we selected samples (including year-end testing of cut-off transactions) and tested the underlying documents, including customer contracts, invoices and shipping documents to assess and analyze the timing of recognition of revenue and contractual terms; Performed trend analysis over revenue as compared to previous periods.
- For revenue from sale of services, we selected samples and tested underlying documents and read, analysed the distinct performance obligations in these contracts.
- We assessed the disclosures in accordance with Ind AS 115 "Revenue from contracts with customers"

#### Other Information

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

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

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

#### Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with [the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and

other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

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



## Independent Auditor's Report

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are

the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matter

We did not audit the financial statements and other financial information, in respect of two subsidiaries, whose financial statements include total assets of ₹91.44 Mn as at March 31, 2022, and total revenues of ₹ Nil and net cash inflows of ₹70.90 Mn for the year ended on that date. These financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditors' reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the report(s) of such other auditors.

These subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their country. The Holding Company's management has converted the financial statements of such

## Independent Auditor's Report

subsidiaries located outside India from accounting principles generally accepted in their country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

### Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary companies, as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxii) of the Order.
- As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:
  - We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
  - In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditor;
  - The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

- In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company none of the directors of the Holding company, is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act. There is no Company other than the Holding Company which is incorporated in India and hence reporting under this clause is not applicable to subsidiary companies;
- With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, refer to our separate Report in "Annexure 2" to this report. There is no Company other than the Holding Company which is incorporated in India and hence reporting under this clause is not applicable to subsidiary companies;
- In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Holding Company, to their directors in accordance with the provisions of section 197 read with Schedule V to the Act. There is no Company other than the Holding Company which is incorporated in India and hence reporting under this clause is not applicable to subsidiary companies;
- With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph.
  - The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, in its consolidated Ind AS financial statements – Refer Note 46(b) to the consolidated Ind AS financial statements;
  - The Group, did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2022;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2022. There is no Company other than the Holding Company which is incorporated in India and hence reporting under this clause is not applicable to subsidiary companies.

iv. a) The management of the Holding Company has represented to us that to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. There is no Company other than the Holding Company which is incorporated in India and hence reporting under this clause is not applicable to subsidiary companies;

b) The management of the Holding Company has represented to us that to the best of its knowledge and belief, no funds have been received by the Holding Company ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner

whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. There is no Company other than the Holding Company which is incorporated in India and hence reporting under this clause is not applicable to subsidiary companies; and

c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances performed by us nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v) No dividend has been declared or paid during the year by the Holding company.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Navneet Rai Kabra**

Partner

Membership Number: 102328

UDIN: 22102328AJGJWV3149

Place of Signature: Hyderabad

Date: May 19, 2022

## ANNEXURE 1

referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date on the consolidated financial statements of Gland Pharma Limited ('the Company')

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

3(xii) There are no qualifications or adverse remarks in the Companies (Auditors Report) Order (CARO) report of the Holding Company. Further, there is no Company other than the Holding company which is incorporated in India.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Navneet Rai Kabra**

Partner

Membership Number: 102328

UDIN: 22102328AJGJWV3149

Place of Signature: Hyderabad

Date: May 19, 2022

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

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

In conjunction with our audit of the consolidated Ind AS financial statements of Gland Pharma Limited as of and for the year ended March 31, 2022, we have audited the internal financial controls of Gland Pharma Limited (hereinafter referred to as the "Holding Company") as of that date.

There is no Company other than the Holding company which is incorporated in India and hence reporting about adequacy and the operating effectiveness of the internal financial controls over financial reporting is not applicable for Company other than holding company.

### Management's Responsibility for Internal Financial Controls

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

### Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards

on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

### Meaning of Internal Financial Controls With Reference to these Consolidated Ind AS Financial Statements

A company's internal financial controls with reference to consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation

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

of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls With Reference to Consolidated Ind AS Financial Statements

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

### Opinion

In our opinion, the Holding Company has, in all material respects, adequate internal financial controls with reference to consolidated Ind AS financial statements and such internal financial controls with reference to consolidated Ind AS financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

per **Navneet Rai Kabra**  
Partner  
Membership Number: 102328  
UDIN: 22102328AJGJWV3149

Place of Signature: Hyderabad  
Date: May 19, 2022



# Consolidated Balance Sheet

as at March 31, 2022

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

| Particulars  | Note | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|------|-------------------------|-------------------------|
| <b>ASSETS</b>  |      |                         |                         |
| <b>Non-current assets</b>  |      |                         |                         |
| Property, plant and equipment  | 3    | 14,990.92               | 9,534.86                |
| Capital work-in-progress   | 4    | 1,807.45                | 3,378.06                |
| Right-of-use assets  | 5    | 5.66                    | 7.46                    |
| Other Intangibles  | 6    | 25.35                   | -                       |
| Intangible assets under development  | 7    | 100.00                  | -                       |
| Financial assets   |      |                         |                         |
| Other financial assets   | 10   | 2,000.00                | -                       |
| Tax assets (net)   | 12   | 49.89                   | 20.71                   |
| Other non-current assets   | 13   | 836.15                  | 783.31                  |
|  |      | <b>19,815.42</b>        | <b>13,724.40</b>        |
| <b>Current assets</b>  |      |                         |                         |
| Inventories  | 14   | 11,856.67               | 12,751.68               |
| Financial assets   |      |                         |                         |
| Investments  | 8    | 1,548.74                | -                       |
| Loans  | 9    | 4.67                    | 2.54                    |
| Trade receivables  | 11   | 11,987.83               | 6,709.71                |
| Cash and cash equivalents  | 15   | 3,188.20                | 4,924.63                |
| Bank balances other than cash and cash equivalents                                 | 16   | 27,746.21               | 25,132.87               |
| Other financial assets   | 10   | 466.18                  | 387.90                  |
| Other current assets   | 13   | 1,722.29                | 1,327.09                |
|  |      | <b>58,520.79</b>        | <b>51,236.42</b>        |
|  |      | <b>78,336.21</b>        | <b>64,960.82</b>        |
| <b>Total Assets</b>  |      |                         |                         |
| <b>EQUITY AND LIABILITIES</b>  |      |                         |                         |
| <b>Equity</b>  |      |                         |                         |
| Equity share capital   | 17   | 164.30                  | 163.59                  |
| Other equity   | 18   | 71,411.91               | 58,868.83               |
| <b>Equity attributable to the owners of the Company</b>                            |      | <b>71,576.21</b>        | <b>59,032.42</b>        |
| Non-controlling interests  |      | -                       | -                       |
| <b>Liabilities</b>   |      |                         |                         |
| <b>Non-current liabilities</b>   |      |                         |                         |
| Financial liabilities  |      |                         |                         |
| Borrowings   | 19   | 38.21                   | 39.34                   |
| Lease liabilities  | 21   | 6.61                    | 7.64                    |
| Other financial liabilities  | 22   | 17.33                   | 17.33                   |
| Deferred tax liability (net)   | 23   | 877.60                  | 738.81                  |
|  |      | <b>939.75</b>           | <b>803.12</b>           |
| <b>Current liabilities</b>   |      |                         |                         |
| Financial liabilities  |      |                         |                         |
| Borrowings   | 19   | 1.12                    | 1.35                    |
| Lease liabilities  | 21   | 1.49                    | 1.62                    |
| Trade payables   | 20   |                         |                         |
| Total outstanding dues of micro, small and medium enterprises                      |      | 62.99                   | 65.97                   |
| Total outstanding dues of creditors other than micro, small and medium enterprises |      | 4,565.51                | 3,897.52                |
| Other financial liabilities  | 22   | 209.05                  | 171.12                  |
| Provisions   | 24   | 247.73                  | 251.32                  |
| Current tax liabilities (net)  | 25   | 179.79                  | 286.90                  |
| Other current liabilities  | 26   | 552.57                  | 449.48                  |
|  |      | <b>5,820.25</b>         | <b>5,125.28</b>         |
|  |      | <b>78,336.21</b>        | <b>64,960.82</b>        |
| <b>Total Equity and Liabilities</b>  |      |                         |                         |
| Summary of significant accounting policies   | 2.1  |                         |                         |

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

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

per **Navneet Rai Kabra**  
Partner  
Membership No. 102328

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

**Srinivas Sadu**  
Managing Director and  
Chief Executive Officer  
DIN: 06900659

**P. Sampath Kumar**  
Company Secretary

**Satyanarayana Murthy Chavali**  
Independent Director  
DIN: 00142138

**Ravi Shekhar Mitra**  
Chief Financial Officer

Place: Hyderabad  
Date: May 19, 2022

Place: Hyderabad  
Date: May 19, 2022

# Consolidated Statement of Profit and Loss

for the year ended March 31, 2022

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

| Particulars   | Note | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|---|------|--------------------------------------|--------------------------------------|
| <b>INCOME</b>   |      |                                      |                                      |
| Revenue from operations   | 27   | 44,007.08                            | 34,628.76                            |
| Other income  | 28   | 2,239.38                             | 1,347.76                             |
| <b>Total income (I)</b>   |      | <b>46,246.46</b>                     | <b>35,976.52</b>                     |
| <b>EXPENSES</b>   |      |                                      |                                      |
| Cost of materials consumed  | 29   | 20,468.62                            | 17,491.63                            |
| Purchase of traded goods  |      | 256.65                               | 161.98                               |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 30   | 366.90                               | (2,734.87)                           |
| Power and fuel  |      | 950.54                               | 745.85                               |
| Employee benefits expense   | 31   | 3,385.66                             | 3,113.60                             |
| Depreciation and amortisation expense   | 34   | 1,102.96                             | 987.80                               |
| Finance expenses  | 33   | 52.42                                | 34.11                                |
| Other expenses  | 32   | 3,477.19                             | 2,828.32                             |
| <b>Total expenses (II)</b>  |      | <b>30,060.94</b>                     | <b>22,628.42</b>                     |
| <b>Profit before tax (III)=(I-II)</b>   |      | <b>16,185.52</b>                     | <b>13,348.10</b>                     |
| <b>Tax expenses</b>   |      |                                      |                                      |
| Current tax   | 35   | 3,958.83                             | 3,394.46                             |
| Deferred tax charge   |      | 140.08                               | 1.20                                 |
| Taxes of earlier years  |      | (30.03)                              | (17.19)                              |
| <b>Total tax expense (IV)</b>   |      | <b>4,068.88</b>                      | <b>3,378.47</b>                      |
| <b>Profit for the year (V)=(III-IV)</b>                                       |      | <b>12,116.64</b>                     | <b>9,969.63</b>                      |
| <b>Attributable to:</b>   |      |                                      |                                      |
| - Owners of the Company   |      | 12,116.64                            | 9,969.63                             |
| - Non-controlling interests   |      | -                                    | -                                    |
| <b>OTHER COMPREHENSIVE INCOME (OCI)</b>                                       |      |                                      |                                      |
| <b>Items that will be reclassified subsequently to profit or loss:</b>        |      |                                      |                                      |
| Exchange differences on translation of net investment in foreign operations   |      | 0.73                                 | 0.01                                 |
| <b>Items that will not be reclassified subsequently to profit or loss:</b>    |      |                                      |                                      |
| Re-measurement loss on employee defined benefit plans                         |      | 5.14                                 | 11.64                                |
| Deferred tax income on remeasurement of defined benefit plans                 |      | (1.29)                               | (2.93)                               |
| <b>Total other comprehensive loss for the year, net of tax (VI)</b>           |      | <b>4.58</b>                          | <b>8.72</b>                          |
| <b>Total comprehensive income for the year, net of tax (VII)=(V-VI)</b>       |      | <b>12,112.06</b>                     | <b>9,960.91</b>                      |
| <b>Attributable to:</b>   |      |                                      |                                      |
| - Owners of the Company   |      | 12,112.06                            | 9,960.91                             |
| - Non-controlling interests   |      | -                                    | -                                    |
| <b>Earnings per share:</b>  | 36   |                                      |                                      |
| Basic, computed on the basis of profit attributable to equity holders         |      | 73.81                                | 63.07                                |
| Diluted, computed on the basis of profit attributable to equity holders       |      | 73.64                                | 62.99                                |
| Summary of significant accounting policies                                    | 2.1  |                                      |                                      |

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

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

per **Navneet Rai Kabra**  
Partner  
Membership No. 102328

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

**Srinivas Sadu**  
Managing Director and  
Chief Executive Officer  
DIN: 06900659

**P. Sampath Kumar**  
Company Secretary

**Satyanarayana Murthy Chavali**  
Independent Director  
DIN: 00142138

**Ravi Shekhar Mitra**  
Chief Financial Officer

Place: Hyderabad  
Date: May 19, 2022

Place: Hyderabad  
Date: May 19, 2022

## Consolidated Statement of Changes in Equity

for the year ended March 31, 2022

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

### a. Equity share capital

| Equity shares of ₹1 each, issued, subscribed and fully paid | No.                | ₹             |
|---|--------------------|---------------|
| <b>As at April 01, 2020</b>                                 | <b>154,949,490</b> | <b>154.95</b> |
| Add: Issued during the year (refer note 17(a))              | 8,643,433          | 8.64          |
| <b>As at March 31, 2021</b>                                 | <b>163,592,923</b> | <b>163.59</b> |
| Add: Issued during the year (refer note 17(a))              | 709,800            | 0.71          |
| <b>As at March 31, 2022</b>                                 | <b>164,302,723</b> | <b>164.30</b> |

### b. Other equity

| Particulars  | Reserves and surplus |                            |                 |                             |                   | Share Application Money | Other comprehensive income   |                                      | Total            |
|--|----------------------|----------------------------|-----------------|-----------------------------|-------------------|-------------------------|--|--------------------------------------|------------------|
|  | Securities premium   | Capital redemption reserve | General reserve | Share based payment reserve | Retained earnings |                         | Re-measurement loss on employee defined benefit plans (net of tax) | Foreign currency translation reserve |                  |
| <b>As at April 01, 2020</b>  | <b>5,889.94</b>      | <b>33.44</b>               | <b>31.22</b>    | <b>164.84</b>               | <b>30,257.18</b>  | –                       | <b>(69.22)</b>   | –                                    | <b>36,307.40</b> |
| Profit for the year  | –                    | –                          | –               | –                           | 9,969.63          | –                       | –  | –                                    | 9,969.63         |
| Received on exercise of employee stock options                       | –                    | –                          | –               | –                           | –                 | 168.07                  | –  | –                                    | 168.07           |
| Other comprehensive income   | –                    | –                          | –               | –                           | –                 | –                       | (8.71)   | (0.01)                               | (8.72)           |
| Issue of equity shares during the year                               | 12,491.67            | –                          | –               | –                           | –                 | –                       | –  | –                                    | 12,491.67        |
| Share issue expenses (net of taxes) (refer note 49)                  | (214.25)             | –                          | –               | –                           | –                 | –                       | –  | –                                    | (214.25)         |
| Issue of equity shares on exercise of employee stock options         | 167.76               | –                          | –               | –                           | –                 | (168.07)                | –  | –                                    | (0.31)           |
| Employee stock option compensation expenses (refer note 38)          | –                    | –                          | –               | 155.34                      | –                 | –                       | –  | –                                    | 155.34           |
| Transfer to Securities premium on exercise of employee stock options | 65.97                | –                          | –               | (65.97)                     | –                 | –                       | –  | –                                    | –                |
| <b>As at March 31, 2021</b>  | <b>18,401.09</b>     | <b>33.44</b>               | <b>31.22</b>    | <b>254.21</b>               | <b>40,226.81</b>  | –                       | <b>(77.93)</b>   | <b>(0.01)</b>                        | <b>58,868.83</b> |
| Profit for the year  | –                    | –                          | –               | –                           | 12,116.64         | –                       | –  | –                                    | 12,116.64        |
| Received on exercise of employee stock options                       | –                    | –                          | –               | –                           | –                 | 385.52                  | –  | –                                    | 385.52           |
| Other comprehensive income   | –                    | –                          | –               | –                           | –                 | –                       | (3.85)   | (0.73)                               | (4.58)           |
| Issue of equity shares on exercise of employee stock options         | 384.00               | –                          | –               | –                           | –                 | (384.71)                | –  | –                                    | (0.71)           |
| Employee stock option compensation expenses (refer note 38)          | –                    | –                          | –               | 46.21                       | –                 | –                       | –  | –                                    | 46.21            |
| Transfer to Securities premium on exercise of employee stock options | 168.83               | –                          | –               | (168.83)                    | –                 | –                       | –  | –                                    | –                |
| <b>As at March 31, 2022</b>  | <b>18,953.92</b>     | <b>33.44</b>               | <b>31.22</b>    | <b>131.59</b>               | <b>52,343.45</b>  | <b>0.81</b>             | <b>(81.78)</b>   | <b>(0.74)</b>                        | <b>71,411.91</b> |

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

As per our report of even date attached

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

per **Navneet Rai Kabra**  
Partner  
Membership No. 102328

Place: Hyderabad  
Date: May 19, 2022

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

**Srinivas Sadu**  
Managing Director and  
Chief Executive Officer  
DIN: 06900659

**P. Sampath Kumar**  
Company Secretary

Place: Hyderabad  
Date: May 19, 2022

**Satyanarayana Murthy Chavali**  
Independent Director  
DIN: 00142138

**Ravi Shekhar Mitra**  
Chief Financial Officer

## Consolidated Statement of Cash Flows

for the year ended March 31, 2022

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

| Particulars  | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|--|-----------------------------------|-----------------------------------|
| <b>Cash flow from operating activities</b>   |                                   |                                   |
| Profit before tax  | 16,185.52                         | 13,348.10                         |
| <b>Adjustments to reconcile profit before tax to net cash flows</b>                  |                                   |                                   |
| Depreciation and amortisation expense  | 1,102.96                          | 987.80                            |
| Allowance for credit losses  | 37.85                             | 1.22                              |
| Bad debts written off  | 3.42                              | 2.76                              |
| Interest expense   | 33.26                             | 28.45                             |
| Finance charges on leases  | 0.76                              | 0.66                              |
| Employee stock option compensation (refer note 38)                                   | 46.21                             | 155.34                            |
| Unrealized foreign exchange gain   | (76.83)                           | (113.64)                          |
| Provision for doubtful debts, no longer required written back                        | –                                 | (29.83)                           |
| Fair value gain on financial instruments at fair value through profit or loss        | (15.26)                           | –                                 |
| Profit on disposal of financial assets - mutual funds                                | (29.63)                           | –                                 |
| Loss/(Profit) on disposal of property, plant and equipment (net)                     | 1.78                              | (0.24)                            |
| Interest income  | (1,386.45)                        | (859.49)                          |
| <b>Operating profit before working capital changes</b>                               | <b>15,903.59</b>                  | <b>13,521.13</b>                  |
| <b>Movements in working capital:</b>   |                                   |                                   |
| Increase in trade receivables  | (5,269.37)                        | (602.01)                          |
| Decrease/(Increase) in inventories   | 895.01                            | (5,188.89)                        |
| (Increase)/Decrease in loans   | (2.13)                            | 2.42                              |
| (Increase)/Decrease in other assets  | (307.14)                          | 45.59                             |
| Increase in trade payables and other financial liabilities                           | 658.46                            | 1,384.41                          |
| Increase in provisions and other liabilities   | 94.36                             | 0.89                              |
| <b>Cash generated from operations</b>  | <b>11,972.78</b>                  | <b>9,163.54</b>                   |
| Income tax paid (net of refunds)   | (4,065.09)                        | (3,114.25)                        |
| <b>Net cash flow from operating activities (A)</b>                                   | <b>7,907.69</b>                   | <b>6,049.29</b>                   |
| <b>Cash flows from investing activities</b>  |                                   |                                   |
| Purchase of property, plant and equipment  | (5,113.27)                        | (2,287.76)                        |
| Proceeds from disposal of property, plant and equipment                              | 3.99                              | 4.30                              |
| Purchase of Other intangibles  | (107.92)                          | –                                 |
| Payments to acquire financial assets - mutual funds                                  | (12,204.72)                       | –                                 |
| Proceeds from sale of financial assets - mutual funds                                | 10,700.88                         | –                                 |
| Investment in bank deposits (net)  | (2,613.34)                        | (13,575.91)                       |
| Deposits with financial institutions   | (2,000.00)                        | –                                 |
| Interest received  | 1,308.17                          | 619.37                            |
| <b>Net cash flow used in investing activities (B)</b>                                | <b>(10,026.21)</b>                | <b>(15,240.00)</b>                |
| <b>Cash flows from financing activities</b>  |                                   |                                   |
| Proceeds from issue of equity shares (net of issue expenses)                         | –                                 | 12,250.00                         |
| Proceeds from the exercise of employee stock option                                  | 385.52                            | 168.07                            |
| Repayment of long-term borrowings  | (1.36)                            | (8.91)                            |
| Payment towards interest portion of lease liabilities                                | (0.76)                            | (0.66)                            |
| Payment towards principal portion of lease liabilities                               | (1.16)                            | (1.25)                            |
| Interest paid  | (33.26)                           | (22.65)                           |
| <b>Net cash flows from financing activities (C)</b>                                  | <b>348.98</b>                     | <b>12,384.60</b>                  |
| <b>Net (decrease)/ increase in cash and cash equivalents (A+B+C)</b>                 | <b>(1,769.54)</b>                 | <b>3,193.89</b>                   |
| Effect of exchange differences on cash and cash equivalents held in foreign currency | 33.11                             | 35.77                             |
| Cash and cash equivalents at the beginning of the year                               | 4,924.63                          | 1,694.97                          |
| <b>Cash and cash equivalents at the end of the year</b>                              | <b>3,188.20</b>                   | <b>4,924.63</b>                   |
| <b>Components of cash and cash equivalents</b>                                       |                                   |                                   |
| Cash on hand   | 0.16                              | 0.21                              |
| With banks in current account  | 2,528.04                          | 3,054.47                          |
| With banks in deposit account  | 660.00                            | 1,869.95                          |
| <b>Total cash and cash equivalents (refer note 15)</b>                               | <b>3,188.20</b>                   | <b>4,924.63</b>                   |
| Summary of significant accounting policies (refer note 2.1)                          |                                   |                                   |

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

As per our report of even date attached

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

per **Navneet Rai Kabra**  
Partner  
Membership No. 102328

Place: Hyderabad  
Date: May 19, 2022

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

**Srinivas Sadu**  
Managing Director and  
Chief Executive Officer  
DIN: 06900659

**P. Sampath Kumar**  
Company Secretary

Place: Hyderabad  
Date: May 19, 2022

**Satyanarayana Murthy Chavali**  
Independent Director  
DIN: 00142138

**Ravi Shekhar Mitra**  
Chief Financial Officer

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

### 1. Group information

The consolidated financial statements comprise consolidated financial statements of Gland Pharma Limited (the 'Holding Company' or the 'Company') and its subsidiary (collectively, the 'Group') for the year ended March 31, 2022. Gland Pharma Limited is a public limited company domiciled in India and is incorporated on March 20, 1978 under the provisions of the Companies Act applicable in India.

The Group is primarily engaged in manufacturing injectable formulations. The Company's shares are listed on two recognised stock exchanges in India. The registered office of the Company is located at Sy No. 143-148,150,151, Near Gandimaisamma X Roads, D.P.Pally, Dundigal, Dundigal - Gandimaisamma Mandal, Hyderabad, Medchal - Malkajgiri district, Telangana, 500043.

The consolidated financial statements were approved for issue in accordance with a resolution of the Board of directors on May 19, 2022.

### 2. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016, as amended from time to time and other accounting principles generally accepted in India and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III).

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

The Company has incorporated a subsidiary - Gland Pharma International Pte. Ltd., Singapore during the year ended March 31, 2021 and on March 7, 2022, Gland Pharma International Pte. Ltd., Singapore (the "Subsidiary") has subscribed to the 100% shares of Gland Pharma USA Inc., USA (the "Step-down subsidiary").

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

#### 2.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at March 31, 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the

investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

### Consolidation procedure:

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained

- Recognises any surplus or deficit in profit or loss
- Recognise that distribution of shares of subsidiary to the Company in Company's capacity as owners
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or transferred directly to retained earnings, if required by other Ind ASs as would be required if the Group had directly disposed of the related assets or liabilities

### 2.2 Summary of significant accounting policies

#### (a) New and amended standards

The group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after April 01, 2021. The group has not early adopted any other standard or amendment that has been issued but is not yet effective:

- Interest Rate Benchmark Reform – Phase 2: Amendments to Ind AS 109, Ind AS 107, Ind AS 104 and Ind AS 116
- Conceptual framework for financial reporting under Ind AS issued by ICAI
- Amendment to Ind AS 105, Ind AS 16 and Ind AS 28

These amendments had no impact on the financial statements of the group.

Standards issued but not yet effective and not early adopted by the group

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. On March 23, 2022, the MCA, issued certain amendments to Ind AS. The amendments relate to the following standards:

- Ind AS 101, First-time Adoption of Indian Accounting Standards
- Ind AS 109, Financial Instruments Classification, Recognition and Derecognition
- Ind AS 16, Property Plant and Equipment
- Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

These amendments are effective from April 01, 2022. The group believes that the aforementioned amendments will not materially impact the financial statements of the group.

#### (b) Current versus non-current classification

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



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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

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

### (c) Foreign currencies

The consolidated financial statements are presented in Indian rupees, which is the functional currency of the company and the currency of the primary economic environment in which the company operates. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

### Transactions and balances

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

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

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

### Foreign operations

Foreign exchange gains and losses arising from a monetary item receivable from a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of the net investment in the foreign operation and are recognised in OCI and presented within equity as a part of foreign currency translation reserve ("FCTR").

In case of foreign operations whose functional currency is different from the parent company's functional currency, the assets and liabilities of such foreign operations, including goodwill and fair value adjustments arising upon acquisition, are translated to the reporting currency at exchange rates at the reporting date. The income and expenses of such foreign operations are translated to the reporting currency at the monthly average exchange rates prevailing during the year. Resulting foreign currency differences are recognised in OCI and presented within equity as part of FCTR. When a foreign operation is disposed of, in part or in full, such that control, significant influence or joint control is lost, the relevant amount in the FCTR is transferred to the consolidated statement of profit and loss.

### (d) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

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

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

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

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

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

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

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

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

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

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

### (e) Revenue recognition

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

### Sale of products

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

with the customers, in the period when the collectability of the profit share becomes probable and a reliable measure of the profit share is available. The point at which control passes is determined based on the terms and conditions by each customer arrangement, but generally occurs on dispatch to the customer.

### Sale of services

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

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

### Contract balances

#### Contract assets

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

#### Trade receivables

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

#### Contract liabilities

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

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### Interest income

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

### Export benefits, incentives and licenses

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

### (f) Taxes

#### Current income tax

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

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

#### Deferred tax

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

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

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

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

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

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

Goods and Service Taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of goods and service taxes paid, except:

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

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

### (g) Property, plant and equipment

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

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

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

### Depreciation

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

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

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

### (h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to

modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

### (i) Leases

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

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

### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to



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make lease payments and right-of-use assets representing the right to use the underlying assets.

### Right-of-use assets

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

### Lease liabilities

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

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

### Short-term leases and leases of low-value assets

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

low-value assets recognition exemption to leases of office equipment's that are low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense in statement of profit and loss on straight line basis.

### (j) Inventories

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

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

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

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

### (k) Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified,

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an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at each reporting date and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

### (l) Provisions, Contingent liabilities and Contingent assets

#### Provisions

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

reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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

#### Contingent liabilities

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

#### Contingent assets

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

### (m) Retirement and other employee benefits

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

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

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

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit through



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

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

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

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

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

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

### (n) Share - based payments

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

### Equity-settled transactions

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

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

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

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

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

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

### (o) Financial instruments

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

### Financial assets

#### Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case

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of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (e) Revenue recognition.

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

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

### Subsequent measurement

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

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

### Debts Instrument at amortised cost

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

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

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

### Debts Instrument at FVTOCI

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

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

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

### Debts Instrument at FVTPL

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

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

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

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

### Equity investments:

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

### Derecognition

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

- the rights to receive cash flows from the asset have expired, or
- the Group has transferred its rights to receive cash flows from the asset, and
  - the Group has transferred substantially all the risks and rewards of the asset, or

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

- ii. the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

### Impairment of financial assets

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

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

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

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

### Financial liabilities

#### Initial recognition and measurement

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

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

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

#### Subsequent measurement

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

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

### Loans and borrowings

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

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

### Derecognition

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

### Reclassification of financial instruments

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

### Offsetting of financial instruments

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

### (p) Cash and cash equivalents

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

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

### (q) Research and Development

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

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

### (r) Earnings Per Share

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

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

### (s) Segment reporting

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

# Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

## 3 Property, plant and equipment

| Particulars                 | Freehold Land | Buildings       | Plant and machinery | Laboratory equipment | Research and Development Equipment | Furniture and fixtures | Office equipment | Vehicles     | Computers     | Tubewells   | Total            |
|-----------------------------|---------------|-----------------|---------------------|----------------------|------------------------------------|------------------------|------------------|--------------|---------------|-------------|------------------|
| <b>As at April 1, 2020</b>  | <b>435.68</b> | <b>2,246.08</b> | <b>9,216.23</b>     | <b>676.72</b>        | <b>335.26</b>                      | <b>229.49</b>          | <b>68.23</b>     | <b>54.86</b> | <b>202.64</b> | <b>1.49</b> | <b>13,466.68</b> |
| Additions                   | -             | 245.96          | 274.52              | 88.80                | 20.96                              | 50.14                  | 63.36            | 7.57         | 101.87        | -           | 853.18           |
| Disposals                   | -             | -               | -                   | -                    | -                                  | -                      | -                | (12.15)      | (12.15)       | -           | (24.30)          |
| <b>As at March 31, 2021</b> | <b>435.68</b> | <b>2,492.04</b> | <b>9,490.75</b>     | <b>765.52</b>        | <b>356.22</b>                      | <b>279.63</b>          | <b>131.59</b>    | <b>50.28</b> | <b>292.36</b> | <b>1.49</b> | <b>14,295.56</b> |
| Additions                   | 191.39        | 710.83          | 4,903.85            | 289.08               | 341.88                             | 40.48                  | 14.87            | 0.40         | 65.65         | 0.09        | 6,558.52         |
| Disposals                   | -             | -               | (48.39)             | (1.08)               | (5.93)                             | (17.95)                | (3.85)           | -            | (4.87)        | -           | (82.07)          |
| <b>As at March 31, 2022</b> | <b>627.07</b> | <b>3,202.87</b> | <b>14,346.21</b>    | <b>1,053.52</b>      | <b>692.17</b>                      | <b>302.16</b>          | <b>142.61</b>    | <b>50.68</b> | <b>353.14</b> | <b>1.58</b> | <b>20,772.01</b> |
| <b>Depreciation</b>         |               |                 |                     |                      |                                    |                        |                  |              |               |             |                  |
| <b>As at April 1, 2020</b>  | -             | <b>428.95</b>   | <b>2,660.15</b>     | <b>237.66</b>        | <b>167.24</b>                      | <b>105.72</b>          | <b>44.51</b>     | <b>17.28</b> | <b>132.31</b> | <b>1.37</b> | <b>3,795.19</b>  |
| Charge for the year         | -             | 91.35           | 699.94              | 74.66                | 33.66                              | 25.56                  | 12.25            | 7.83         | 40.38         | 0.12        | 985.75           |
| Disposals                   | -             | -               | -                   | -                    | -                                  | -                      | -                | (8.49)       | (11.75)       | -           | (20.24)          |
| <b>As at March 31, 2021</b> | -             | <b>520.30</b>   | <b>3,360.09</b>     | <b>312.32</b>        | <b>200.90</b>                      | <b>131.28</b>          | <b>56.76</b>     | <b>16.62</b> | <b>160.94</b> | <b>1.49</b> | <b>4,760.70</b>  |
| Charge for the year         | -             | 94.69           | 768.07              | 88.64                | 39.38                              | 27.09                  | 19.12            | 6.45         | 53.25         | 0.00        | 1,096.69         |
| Disposals                   | -             | -               | (43.08)             | (0.97)               | (5.79)                             | (17.78)                | (3.81)           | -            | (4.87)        | -           | (76.30)          |
| <b>As at March 31, 2022</b> | -             | <b>614.99</b>   | <b>4,085.08</b>     | <b>399.99</b>        | <b>234.49</b>                      | <b>140.59</b>          | <b>72.07</b>     | <b>23.07</b> | <b>209.32</b> | <b>1.49</b> | <b>5,781.09</b>  |
| <b>Net carrying value</b>   |               |                 |                     |                      |                                    |                        |                  |              |               |             |                  |
| <b>As at March 31, 2021</b> | <b>435.68</b> | <b>1,971.74</b> | <b>6,130.66</b>     | <b>453.20</b>        | <b>155.32</b>                      | <b>148.35</b>          | <b>74.83</b>     | <b>33.66</b> | <b>131.42</b> | -           | <b>9,534.86</b>  |
| <b>As at March 31, 2022</b> | <b>627.07</b> | <b>2,587.88</b> | <b>10,261.13</b>    | <b>653.53</b>        | <b>457.68</b>                      | <b>161.57</b>          | <b>70.54</b>     | <b>27.61</b> | <b>143.82</b> | <b>0.09</b> | <b>14,990.92</b> |

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

### 4 Capital work in progress (CWIP) - Ageing Schedule

As at March 31, 2022

|                                | Amount in CWIP for a period of |               |               |                   | Total           |
|--------------------------------|--------------------------------|---------------|---------------|-------------------|-----------------|
|                                | Less than 1 year               | 1-2 years     | 2-3 years     | More than 3 years |                 |
| Projects in progress           | 1,292.30                       | 374.66        | 140.49        | -                 | 1,807.45        |
| Projects temporarily suspended | -                              | -             | -             | -                 | -               |
| <b>Total</b>                   | <b>1,292.30</b>                | <b>374.66</b> | <b>140.49</b> | <b>-</b>          | <b>1,807.45</b> |

As at March 31, 2021

|                                | Amount in CWIP for a period of |                 |               |                   | Total           |
|--------------------------------|--------------------------------|-----------------|---------------|-------------------|-----------------|
|                                | Less than 1 year               | 1-2 years       | 2-3 years     | More than 3 years |                 |
| Projects in progress           | 1,963.85                       | 1,153.80        | 111.06        | 149.35            | 3,378.06        |
| Projects temporarily suspended | -                              | -               | -             | -                 | -               |
| <b>Total</b>                   | <b>1,963.85</b>                | <b>1,153.80</b> | <b>111.06</b> | <b>149.35</b>     | <b>3,378.06</b> |

As at March 31, 2022, there are no projects which are overdue or have exceeded its cost as compared to its original plan.

For capital work-in-progress, projects whose completion is overdue as at March 31, 2021 are as under:

#### CWIP completion schedule As at March 31, 2021

|                             | To be completed in |           |           |                   | Total         |
|-----------------------------|--------------------|-----------|-----------|-------------------|---------------|
|                             | Less than 1 year   | 1-2 years | 2-3 years | More than 3 years |               |
| <b>Projects in progress</b> |                    |           |           |                   |               |
| PMY-LY                      | 580.13             | -         | -         | -                 | 580.13        |
| <b>Total</b>                | <b>580.13</b>      | <b>-</b>  | <b>-</b>  | <b>-</b>          | <b>580.13</b> |

As at March 31, 2021, there are no projects which have exceeded its cost as compared to its original plan.

### 5 Right-of-use asset

|   | Total        |
|---|--------------|
| <b>Right-of-use leasehold land</b>        |              |
| <b>Cost</b>                               |              |
| <b>As at April 01, 2020</b>               | <b>11.41</b> |
| <b>As at March 31, 2021</b>               | <b>11.41</b> |
| <b>As at March 31, 2022</b>               | <b>11.41</b> |
| <b>Accumulated depreciation</b>           |              |
| <b>As at April 01, 2020</b>               | <b>1.90</b>  |
| Charge for the year                       | 2.05         |
| <b>As at March 31, 2021</b>               | <b>3.95</b>  |
| Charge for the year                       | 1.80         |
| <b>As at March 31, 2022</b>               | <b>5.75</b>  |
| <b>Net carrying value (refer note 47)</b> |              |
| <b>As at March 31, 2021</b>               | <b>7.46</b>  |
| <b>As at March 31, 2022</b>               | <b>5.66</b>  |



## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

### 6 Other Intangibles

|                                 | Total        |
|---------------------------------|--------------|
| <b>Other Intangibles</b>        |              |
| <b>Cost</b>                     |              |
| As at April 01, 2020            | -            |
| As at March 31, 2021            | -            |
| Additions                       | 29.82        |
| Disposals                       | -            |
| <b>As at March 31, 2022</b>     | <b>29.82</b> |
| <b>Accumulated amortisation</b> |              |
| As at April 01, 2020            | -            |
| As at March 31, 2021            | -            |
| Charge for the period           | 4.47         |
| <b>As at March 31, 2022</b>     | <b>4.47</b>  |
| <b>Net carrying value</b>       |              |
| As at March 31, 2021            | -            |
| <b>As at March 31, 2022</b>     | <b>25.35</b> |

### 7 Intangible assets under development (IAUD)

|                                      | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--------------------------------------|-------------------------|-------------------------|
| Opening balance                      | -                       | -                       |
| Add: Additions during the year       | 100.00                  | -                       |
| Less: Capitalisation during the year | -                       | -                       |
| Less: Impairment during the year     | -                       | -                       |
| <b>Closing balance</b>               | <b>100.00</b>           | <b>-</b>                |

#### IAUD - Ageing Schedule

##### As at March 31, 2022

|                                | For a period of  |           |           |                   | Total         |
|--------------------------------|------------------|-----------|-----------|-------------------|---------------|
|                                | Less than 1 year | 1-2 years | 2-3 years | More than 3 years |               |
| Projects in progress           | 100.00           | -         | -         | -                 | 100.00        |
| Projects temporarily suspended | -                | -         | -         | -                 | -             |
| <b>Total</b>                   | <b>100.00</b>    | <b>-</b>  | <b>-</b>  | <b>-</b>          | <b>100.00</b> |

##### As at March 31, 2021

|                                | For a period of  |           |           |                   | Total    |
|--------------------------------|------------------|-----------|-----------|-------------------|----------|
|                                | Less than 1 year | 1-2 years | 2-3 years | More than 3 years |          |
| Projects in progress           | -                | -         | -         | -                 | -        |
| Projects temporarily suspended | -                | -         | -         | -                 | -        |
| <b>Total</b>                   | <b>-</b>         | <b>-</b>  | <b>-</b>  | <b>-</b>          | <b>-</b> |

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

### 7 Intangible assets under development (IAUD) (Contd..)

#### IAUD completion schedule (As at March 31, 2022)

|                      | To be completed in |           |               |                   | Total         |
|----------------------|--------------------|-----------|---------------|-------------------|---------------|
|                      | Less than 1 year   | 1-2 years | 2-3 years     | More than 3 years |               |
| Projects in progress |                    |           |               |                   |               |
| SHMT-BS              | -                  | -         | 100.00        | -                 | 100.00        |
| <b>Total</b>         | <b>-</b>           | <b>-</b>  | <b>100.00</b> | <b>-</b>          | <b>100.00</b> |

As at March 31, 2021, there is no Intangible Asset under Development (IAUD), hence the completion schedule for the same is not disclosed.

#### Financial assets

### 8 Investments (Unquoted)

|  | Current                 |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| <b>At Fair value through profit and loss account</b>   |                         |                         |
| Mutual funds   | 1,548.74                | -                       |
|  | <b>1,548.74</b>         | <b>-</b>                |
|  |                         |                         |
|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| Aggregate value of unquoted investments                | 1,548.74                | -                       |
| Aggregate amount of impairment in value of investments | -                       | -                       |

### 9 Loans

|   | Current                 |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| <b>Other loans (Unsecured, considered good)</b> |                         |                         |
| Loans to employees                              | 4.67                    | 2.54                    |
|   | <b>4.67</b>             | <b>2.54</b>             |

### 10 Other financial assets

|   | Non-current             |                         | Current                 |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | As at<br>March 31, 2022 | As at<br>March 31, 2021 | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| <b>(Unsecured, considered good)</b>   |                         |                         |                         |                         |
| Deposits with financial institutions  | 2,000.00                | -                       | -                       | -                       |
| Interest accrued, but not due on deposits with banks, financial institutions and others | -                       | -                       | 466.18                  | 387.90                  |
|   | <b>2,000.00</b>         | <b>-</b>                | <b>466.18</b>           | <b>387.90</b>           |

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

### 11 Trade receivables (Unsecured)

|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Receivables from related parties (refer note 40) | 364.54                  | 375.48                  |
| Trade receivables from other parties             | 11,623.29               | 6,334.23                |
|  | <b>11,987.83</b>        | <b>6,709.71</b>         |

#### Trade receivables - Ageing Schedule

##### As at March 31, 2022

|   | Current<br>but not<br>due | Outstanding for following periods from due date of<br>payment |                      |              |              |                      | Total            |
|---|---------------------------|---|----------------------|--------------|--------------|----------------------|------------------|
|   |                           | Less than<br>6 Months   | 6 months<br>- 1 year | 1-2<br>years | 2-3<br>years | More than<br>3 years |                  |
|   |                           | Undisputed Trade receivables – considered good                | 10,433.41            | 1,491.20     | 84.73        | 0.76                 |                  |
| Undisputed Trade receivables – which have significant increase in credit risk | –                         | –   | 29.79                | –            | –            | –                    | 29.79            |
| Undisputed Trade receivable – credit impaired                                 | –                         | –   | –                    | –            | –            | –                    | –                |
| Disputed Trade receivables - considered good                                  | –                         | –   | –                    | –            | –            | –                    | –                |
| Disputed Trade receivables – which have significant increase in credit risk   | –                         | –   | –                    | –            | –            | –                    | –                |
| Disputed Trade receivables – credit impaired                                  | –                         | –   | –                    | –            | –            | –                    | –                |
|   | <b>10,433.41</b>          | <b>1,491.20</b>   | <b>114.52</b>        | <b>0.76</b>  | <b>–</b>     | <b>–</b>             | <b>12,039.89</b> |
| Less: Allowance for credit loss   |                           |   |                      |              |              |                      | (52.06)          |
| <b>Total Trade receivables</b>  |                           |   |                      |              |              |                      | <b>11,987.83</b> |

##### As at March 31, 2021

|   | Current<br>but not<br>due | Outstanding for following periods from due date of<br>payment |                      |              |              |                      | Total           |
|---|---------------------------|---|----------------------|--------------|--------------|----------------------|-----------------|
|   |                           | Less than<br>6 Months   | 6 months<br>- 1 year | 1-2<br>years | 2-3<br>years | More than<br>3 years |                 |
|   |                           | Undisputed Trade receivables – considered good                | 5,611.05             | 1,110.37     | 0.91         | 1.48                 |                 |
| Undisputed Trade receivables – which have significant increase in credit risk | –                         | –   | –                    | –            | –            | –                    | –               |
| Undisputed Trade receivable – credit impaired                                 | –                         | –   | –                    | –            | –            | –                    | –               |
| Disputed Trade receivables - considered good                                  | –                         | –   | –                    | –            | –            | –                    | –               |
| Disputed Trade receivables – which have significant increase in credit risk   | –                         | –   | –                    | –            | –            | –                    | –               |
| Disputed Trade receivables – credit impaired                                  | –                         | –   | –                    | –            | –            | –                    | –               |
| <b>Total</b>  | <b>5,611.05</b>           | <b>1,110.37</b>   | <b>0.91</b>          | <b>1.48</b>  | <b>0.08</b>  | <b>0.03</b>          | <b>6,723.92</b> |
| Less: Allowance for credit loss   |                           |   |                      |              |              |                      | (14.21)         |
| <b>Total Trade receivables</b>  |                           |   |                      |              |              |                      | <b>6,709.71</b> |

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

For terms and conditions relating to related party receivables, refer note 40.

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

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

### 11 Trade receivables (Unsecured) (Contd..)

#### Breakup for security details

|                                   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|-----------------------------------|-------------------------|-------------------------|
| Considered good, unsecured        | 11,988.00               | 6,709.71                |
| Credit impaired                   | 52.06                   | 14.21                   |
| Less: Allowance for credit losses | (52.06)                 | (14.21)                 |
|                                   | <b>11,987.83</b>        | <b>6,709.71</b>         |

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

|   | For the year<br>ended<br>March 31, 2022 | For the year<br>ended<br>March 31, 2021 |
|---|---|---|
| Balance at the beginning of the year          | 14.21                                   | 53.60                                   |
| Provision made/reversed during the year (net) | 37.85                                   | (28.62)                                 |
| Trade receivables written off during the year | –                                       | (10.77)                                 |
| <b>Balance at the end of the year</b>         | <b>52.06</b>                            | <b>14.21</b>                            |

### 12 Tax assets

|                                     | Non-current             |                         | Current                 |                         |
|-------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                     | As at<br>March 31, 2022 | As at<br>March 31, 2021 | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| <b>(Unsecured, considered good)</b> |                         |                         |                         |                         |
| Advance income tax (net)            | 49.89                   | 19.48                   | –                       | –                       |
| Income tax paid under protest       | –                       | 1.23                    | –                       | –                       |
|                                     | <b>49.89</b>            | <b>20.71</b>            | <b>–</b>                | <b>–</b>                |

### 13 Other assets

|  | Non-current             |                         | Current                 |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| <b>(Unsecured, considered good)</b>            |                         |                         |                         |                         |
| Capital advance                                | 464.94                  | 324.04                  | –                       | –                       |
| Security deposits                              | 78.43                   | 69.52                   | 5.57                    | 34.18                   |
| Advances for material supplies and services*   | –                       | –                       | 435.21                  | 129.97                  |
| Prepaid expenses                               | –                       | –                       | 141.61                  | 109.11                  |
| Contract asset                                 | –                       | –                       | 109.19                  | –                       |
| Export rebate claims receivable                | –                       | –                       | 45.72                   | 16.00                   |
| Export incentives receivable                   | 22.08                   | 24.28                   | 313.95                  | 328.50                  |
| Balance with statutory/ government authorities | 270.70                  | 365.47                  | 671.04                  | 709.33                  |
|  | <b>836.15</b>           | <b>783.31</b>           | <b>1,722.29</b>         | <b>1,327.09</b>         |

\* Includes amounts given to related parties of ₹328.65 (March 31, 2021: ₹ Nil) (refer note 40)

No advances are due from directors or other officers of the Company or any of them either severally or jointly with any other

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

persons or advances to firms or private companies respectively in which any director is a partner or a director or a member.

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

|                               | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|-------------------------------|-------------------------|-------------------------|
| Raw materials and components* | 4,662.51                | 5,304.01                |
| Packing materials**           | 1,774.24                | 1,718.00                |
| Finished goods***             | 591.47                  | 1,759.29                |
| Work-in-progress              | 4,440.69                | 3,639.77                |
| Stores and spares             | 387.76                  | 330.61                  |
|                               | <b>11,856.67</b>        | <b>12,751.68</b>        |

\*Includes goods in transit of ₹54.43 (March 31, 2021: ₹195.70)

\*\*Includes goods in transit of ₹16.46 (March 31, 2021: ₹0.77)

\*\*\*Includes stock in trade of ₹129.31 (March 31, 2021: ₹62.48)

### 15 Cash and cash equivalents

|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Cash on hand   | 0.16                    | 0.21                    |
| Balances with banks  |                         |                         |
| On current accounts <sup>(1)</sup>                                       | 2,528.04                | 3,054.47                |
| Deposits with original maturity of less than three months <sup>(2)</sup> | 660.00                  | 1,869.95                |
|  | <b>3,188.20</b>         | <b>4,924.63</b>         |

<sup>(1)</sup> Includes balance of Initial Public Offer (IPO) proceeds of ₹29.96 (March 31, 2021: ₹6.43) in Current Account with a Scheduled commercial bank (under Escrow arrangement) which will be utilised as stated in the prospectus.

<sup>(2)</sup> Includes balance of Initial Public Offer (IPO) proceeds of ₹210.00 (March 31, 2021: ₹ Nil) in a Scheduled commercial bank, which will be utilised as stated in the prospectus.

### 16 Bank balances other than cash and cash equivalents

|  | Non-current             |                         | Current                 |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| Other deposit accounts                                   |                         |                         |                         |                         |
| Remaining maturity of less than 12 months <sup>(1)</sup> | -                       | -                       | 27,720.19               | 25,106.85               |
| Margin money deposits <sup>(2)</sup>                     |                         |                         |                         |                         |
| Remaining maturity of less than 12 months                | -                       | -                       | 26.02                   | 26.02                   |
|  | <b>-</b>                | <b>-</b>                | <b>27,746.21</b>        | <b>25,132.87</b>        |

<sup>(1)</sup> Includes balance of Initial Public Offer (IPO) proceeds of ₹ Nil (March 31, 2021: ₹5,560.00) in a Scheduled commercial bank, which will be utilised as stated in the prospectus.

<sup>(2)</sup> Margin money deposits represent security held by bank including bank guarantees issued by the bankers on behalf of the Company.

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

### 16 Bank balances other than cash and cash equivalents (Contd..)

#### Breakup of financial assets

|   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| <b>Valued at amortised cost</b>                               |                         |                         |
| Loans and others  | 2,470.85                | 390.44                  |
| Trade receivables   | 11,987.83               | 6,709.71                |
| Cash and cash equivalents                                     | 3,188.20                | 4,924.63                |
| Bank balances other than cash and cash equivalents            | 27,746.21               | 25,132.87               |
| <b>Valued at fair value through profit and loss account :</b> |                         |                         |
| Investment in unquoted mutual funds                           | 1,548.74                | -                       |
| <b>Total financial assets</b>                                 | <b>46,941.83</b>        | <b>37,157.65</b>        |

### 17 Equity share capital

|   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| <b>Authorised</b>   |                         |                         |
| 500,000,000 (March 31, 2021: 500,000,000) equity shares of ₹1 each  | 500.00                  | 500.00                  |
| 0.001 % 5,100,000 (March 31, 2021: 5,100,000) compulsorily convertible non cumulative preference shares of ₹10 each | 51.00                   | 51.00                   |
| 0.001 % 1,200,000 (March 31, 2021: 1,200,000) redeemable convertible non cumulative preference shares of ₹10 each   | 12.00                   | 12.00                   |
|   | <b>563.00</b>           | <b>563.00</b>           |
| <b>Issued, subscribed and fully paid up shares</b>  |                         |                         |
| 164,302,723 (March 31, 2021: 163,592,923) equity shares of ₹1 each  | 164.30                  | 163.59                  |
|   | <b>164.30</b>           | <b>163.59</b>           |

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

| Equity Shares   | As at March 31, 2022 |               | As at March 31, 2021 |               |
|---|----------------------|---------------|----------------------|---------------|
|   | No. of Shares        | Amount        | No. of Shares        | Amount        |
| <b>At the beginning of the year</b>                                     | <b>163,592,923</b>   | <b>163.59</b> | <b>154,949,490</b>   | <b>154.95</b> |
| Add: Issue of shares  | -                    | -             | 8,333,333            | 8.33          |
| Add: Shares issued on exercise of employee stock option (refer note 38) | 709,800              | 0.71          | 310,100              | 0.31          |
|   | <b>164,302,723</b>   | <b>164.30</b> | <b>163,592,923</b>   | <b>163.59</b> |

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

| Particulars                                     | March 31, 2021 | March 31, 2020 | March 31, 2019 | March 31, 2018 | March 31, 2017 |
|---|----------------|----------------|----------------|----------------|----------------|
| Equity shares of ₹10 each (Before sub division) | -              | -              | -              | 942,500        | -              |

#### (b) Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of ₹1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company has not paid any dividend during the year ended March 31, 2022 and March 31, 2021.



## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

### 17 Equity share capital (Contd..)

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

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

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

| Name of the shareholder  | As at March 31, 2022 |              | As at March 31, 2021 |              |
|--|----------------------|--------------|----------------------|--------------|
|  | No. of Shares        | Amount       | No. of Shares        | Amount       |
| Fosun Pharma Industrial Pte. Ltd., Singapore (holding company) | 95,293,934           | 95.29        | 95,293,934           | 95.29        |
|  | <b>95,293,934</b>    | <b>95.29</b> | <b>95,293,934</b>    | <b>95.29</b> |

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

| Name of the shareholder                      | As at March 31, 2022 |           | As at March 31, 2021 |           |
|--|----------------------|-----------|----------------------|-----------|
|  | No. of Shares        | % holding | No. of Shares        | % holding |
| Fosun Pharma Industrial Pte. Ltd., Singapore | 95,293,934           | 58.00%    | 95,293,934           | 58.25%    |
| Gland Celsus Bio-Chemicals Pvt Ltd           | –                    | 0.00%     | 10,047,435           | 6.14%     |
| Nicomac Machinery Pvt Ltd                    | 9,551,115            | 5.81%     | –                    | 0.00%     |

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

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

#### (f) Shares reserved for issue under options

During the year ended March 31, 2020, the Company has instituted "the Gland Pharma Employee Stock Option Scheme 2019" ("ESOP Scheme 2019") pursuant to approval of "the Gland Pharma Employee Stock Option Plan 2019" ("Plan"). The maximum number of shares that may be issued pursuant to the scheme shall not exceed 1,704,440 shares. Out of 1,704,440 shares, 1,549,500 shares were granted on June 27, 2019 (grant date) to the eligible employees. The aforementioned shares are after subdivision of equity shares.

#### (g) Details of shares held by promoters

##### As at March 31, 2022

##### Equity shares of ₹1 each fully paid :

| Promoter name                                | No. of shares at the beginning of the year | Change during the year | No. of shares at the end of the year | % of total shares | % change during the year |
|--|--|------------------------|--------------------------------------|-------------------|--------------------------|
| Fosun Pharma Industrial Pte. Ltd., Singapore | 95,293,934                                 | –                      | 95,293,934                           | 58.00%            | 0.00%                    |
| <b>Total</b>                                 | <b>95,293,934</b>                          | <b>–</b>               | <b>95,293,934</b>                    | <b>58.00%</b>     | <b>0.00%</b>             |

##### As at March 31, 2021

##### Equity shares of ₹1 each fully paid :

| Promoter name                                | No. of shares at the beginning of the year | Change during the year | No. of shares at the end of the year | % of total shares | % change during the year |
|--|--|------------------------|--------------------------------------|-------------------|--------------------------|
| Fosun Pharma Industrial Pte. Ltd., Singapore | 114,662,620                                | (19,368,686)           | 95,293,934                           | 58.25%            | -16.89%                  |
| <b>Total</b>                                 | <b>114,662,620</b>                         | <b>(19,368,686)</b>    | <b>95,293,934</b>                    | <b>58.25%</b>     | <b>-16.89%</b>           |

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

### 18 Other equity

|  | As at March 31, 2022 | As at March 31, 2021 |
|--|----------------------|----------------------|
| <b>Securities premium</b>  |                      |                      |
| Balance at the beginning of the year   | 18,401.09            | 5,889.94             |
| Add: Amount received towards Securities premium during the year                                  | –                    | 12,491.67            |
| Less: Share of IPO expenses (net of taxes)   | –                    | (214.25)             |
| Add: Amount received towards Securities premium for stock option exercised                       | 384.00               | 167.76               |
| Add: Amount transferred from Share based payment reserve on account of exercise of stock options | 168.83               | 65.97                |
| Balance at the end of the year   | <b>18,953.92</b>     | <b>18,401.09</b>     |
| <b>Capital redemption reserve</b>  |                      |                      |
| Balance at the beginning of the year   | 33.44                | 33.44                |
| Balance at the end of the year   | <b>33.44</b>         | <b>33.44</b>         |
| <b>General reserve</b>   |                      |                      |
| Balance at the beginning of the year   | 31.22                | 31.22                |
| Balance at the end of the year   | <b>31.22</b>         | <b>31.22</b>         |
| <b>Share based payment reserve</b>   |                      |                      |
| Balance at the beginning of the year   | 254.21               | 164.84               |
| Add: Shares based compensation to employees for the year (refer note 38)                         | 46.21                | 155.34               |
| Less: Exercise of stock options  | (168.83)             | (65.97)              |
| Balance at the end of the year   | <b>131.59</b>        | <b>254.21</b>        |
| <b>Retained earnings</b>   |                      |                      |
| Balance at the beginning of the year   | 40,226.81            | 30,257.18            |
| Add: Profit for the year   | 12,116.64            | 9,969.63             |
| Balance at the end of the year   | <b>52,343.45</b>     | <b>40,226.81</b>     |
| <b>Share application money</b>   |                      |                      |
| Balance at the beginning of the year   | –                    | –                    |
| Add: Money received for the year   | 385.52               | 168.07               |
| Less: Allotment of Equity shares on exercise of stock options                                    | (384.71)             | (168.07)             |
| Balance at the end of the year   | <b>0.81</b>          | <b>–</b>             |
| <b>Other comprehensive income</b>  |                      |                      |
| <b>Items recognised directly in Other comprehensive income</b>                                   |                      |                      |
| Balance at the beginning of the year   | (77.94)              | (69.22)              |
| Re-measurement loss on employee defined benefit plans (net of tax)                               | (3.85)               | (8.71)               |
| Exchange differences on translation of net investment in foreign operations                      | (0.73)               | (0.01)               |
| Balance at the end of the year   | <b>(82.52)</b>       | <b>(77.94)</b>       |
|  | <b>71,411.91</b>     | <b>58,868.83</b>     |

#### Nature and purpose of reserves

##### Securities premium

Securities premium is used to record the premium on issue of shares and can be utilised in accordance with the provisions of the Companies Act, 2013.

##### Capital redemption reserve

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

##### General reserve

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

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

### 18 Other equity (Contd..)

#### Share based payment reserve

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

#### Share application money

Money received as advance towards allotment of share capital is recorded as share application money pending allotment.

#### Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity.

### 19 Borrowings

|  | Non-Current    |                | Current maturities |                |
|--|----------------|----------------|--------------------|----------------|
|  | As at          | As at          | As at              | As at          |
|  | March 31, 2022 | March 31, 2021 | March 31, 2022     | March 31, 2021 |
| <b>From others (Unsecured)</b>             |                |                |                    |                |
| Deferred sales tax loan (refer note below) | 38.21          | 39.34          | 1.12               | 1.35           |
|  | <b>38.21</b>   | <b>39.34</b>   | <b>1.12</b>        | <b>1.35</b>    |

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

### 20 Trade payables

|  | As at           | As at           |
|--|-----------------|-----------------|
|  | March 31, 2022  | March 31, 2021  |
| <b>Valued at amortised cost</b>                            |                 |                 |
| Trade payables to third parties                            |                 |                 |
| Due to micro, small and medium enterprises (refer note 39) | 62.99           | 65.97           |
| Other parties  | 4,543.57        | 3,872.87        |
| Trade payables to related parties (refer note 40)          | 21.94           | 24.65           |
|  | <b>4,628.50</b> | <b>3,963.49</b> |

#### Terms and conditions of the above financial liabilities:

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

#### Trade payables - Ageing Schedule

As at March 31, 2022

|  | Outstanding for following periods from due date of payment        |                  |              |           |                   | Total           |
|--|---|------------------|--------------|-----------|-------------------|-----------------|
|  | Not due   | Less than 1 year | 1-2 years    | 2-3 years | More than 3 years |                 |
|  | Total outstanding dues of micro enterprises and small enterprises | 62.99            | -            | -         | -                 |                 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 2,472.44  | 2,074.75         | 16.75        | -         | 1.57              | 4,565.51        |
| Disputed dues of micro enterprises and small enterprises                               | -   | -                | -            | -         | -                 | -               |
| Disputed dues of creditors other than micro enterprises and small enterprises          | -   | -                | -            | -         | -                 | -               |
| <b>Total</b>   | <b>2,535.43</b>   | <b>2,074.75</b>  | <b>16.75</b> | <b>-</b>  | <b>1.57</b>       | <b>4,628.50</b> |

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

### 20 Trade payables (Contd..)

As at March 31, 2021

|  | Not due         | Outstanding for following periods from due date of payment |              |             |                   | Total           |
|--|-----------------|--|--------------|-------------|-------------------|-----------------|
|  |                 | Less than 1 year   | 1-2 years    | 2-3 years   | More than 3 years |                 |
| Total outstanding dues of micro enterprises and small enterprises                      | 65.97           | -  | -            | -           | -                 | 65.97           |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 1,703.19        | 2,096.04   | 48.29        | 4.23        | 45.77             | 3,897.52        |
| Disputed dues of micro enterprises and small enterprises                               | -               | -  | -            | -           | -                 | -               |
| Disputed dues of creditors other than micro enterprises and small enterprises          | -               | -  | -            | -           | -                 | -               |
| <b>Total</b>   | <b>1,769.16</b> | <b>2,096.04</b>  | <b>48.29</b> | <b>4.23</b> | <b>45.77</b>      | <b>3,963.49</b> |

### 21 Lease liabilities

|                                   | Non-Current          |                      | Current              |                      |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                   | As at March 31, 2022 | As at March 31, 2021 | As at March 31, 2022 | As at March 31, 2021 |
| <b>Valued at amortised cost</b>   |                      |                      |                      |                      |
| Lease liabilities (refer note 47) | 6.61                 | 7.64                 | 1.49                 | 1.62                 |
|                                   | <b>6.61</b>          | <b>7.64</b>          | <b>1.49</b>          | <b>1.62</b>          |

### 22 Other financial liabilities

|                                 | Non-Current          |                      | Current              |                      |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                 | As at March 31, 2022 | As at March 31, 2021 | As at March 31, 2022 | As at March 31, 2021 |
| <b>Valued at amortised cost</b> |                      |                      |                      |                      |
| Capital creditors*              | -                    | -                    | 200.18               | 163.75               |
| Trade deposits payable          | -                    | -                    | 8.87                 | 7.37                 |
| Refund liability                | 17.33                | 17.33                | -                    | -                    |
|                                 | <b>17.33</b>         | <b>17.33</b>         | <b>209.05</b>        | <b>171.12</b>        |

\*Includes amount payable to micro, small and medium enterprises of ₹27.49 (March 31, 2021: ₹27.35) (refer note 39)

#### Breakup of financial liabilities

|  | As at           | As at           |
|--|-----------------|-----------------|
|  | March 31, 2022  | March 31, 2021  |
| <b>Valued at amortised cost</b>                              |                 |                 |
| Non current borrowings                                       | 38.21           | 39.34           |
| Trade payables   | 4,628.50        | 3,963.49        |
| Current maturities of non-current borrowings                 | 1.12            | 1.35            |
| Capital creditors  | 200.18          | 163.75          |
| Trade deposits payable                                       | 8.87            | 7.37            |
| Refund liability   | 17.33           | 17.33           |
| Lease liabilities - Non Current                              | 6.61            | 7.64            |
| Lease liabilities - Current                                  | 1.49            | 1.62            |
| <b>Total financial liabilities carried at amortised cost</b> | <b>4,902.31</b> | <b>4,201.89</b> |

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

### 22 Other financial liabilities (Contd..)

#### Changes in liabilities arising from financing activities for the year ended March 31, 2022:

| Particulars   | As at<br>April 01, 2021 | Interest    | Financing<br>cash flows | As at<br>March 31, 2022 |
|---|-------------------------|-------------|-------------------------|-------------------------|
| Non-current borrowings (including current maturities) | 40.69                   | –           | (1.36)                  | 39.33                   |
| Lease liabilities                                     | 9.26                    | 0.76        | (1.92)                  | 8.10                    |
| <b>Total liabilities from financing activities</b>    | <b>49.95</b>            | <b>0.76</b> | <b>(3.28)</b>           | <b>47.43</b>            |

#### Changes in liabilities arising from financing activities for the year ended March 31, 2021:

| Particulars   | As at<br>April 01, 2020 | Interest    | Financing<br>cash flows | As at<br>March 31, 2021 |
|---|-------------------------|-------------|-------------------------|-------------------------|
| Non-current borrowings (including current maturities) | 49.60                   | –           | (8.91)                  | 40.69                   |
| Lease liabilities                                     | 10.51                   | 0.66        | (1.91)                  | 9.26                    |
| <b>Total liabilities from financing activities</b>    | <b>60.11</b>            | <b>0.66</b> | <b>(10.82)</b>          | <b>49.95</b>            |

### 23 Deferred tax liability

|   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| <b>Deferred tax liability relating to</b>           |                         |                         |
| Property, plant and equipment and intangible assets | 954.14                  | 799.01                  |
|   | <b>954.14</b>           | <b>799.01</b>           |
| <b>Deferred tax asset relating to</b>               |                         |                         |
| Provision for employee benefits                     | 62.83                   | 56.17                   |
| Allowance for credit losses                         | 13.10                   | 3.58                    |
| Leases  | 0.61                    | 0.45                    |
|   | <b>76.54</b>            | <b>60.20</b>            |
|   | <b>877.60</b>           | <b>738.81</b>           |

#### Deferred tax assets/ (liabilities):

##### For the year ended March 31, 2022:

|   | Opening<br>balance | Recognised in<br>statement of<br>profit and loss | Recognised in<br>other compre-<br>hensive income | Closing<br>balance |
|---|--------------------|--|--|--------------------|
| Property, plant and equipment and intangible assets | 799.01             | 155.13   | –  | 954.14             |
| Provision for employee benefits                     | (56.17)            | (5.37)   | (1.29)   | (62.83)            |
| Allowance for credit losses                         | (3.58)             | (9.52)   | –  | (13.10)            |
| Leases  | (0.45)             | (0.16)   | –  | (0.61)             |
| <b>Deferred tax liability (net)</b>                 | <b>738.81</b>      | <b>140.08</b>                                    | <b>(1.29)</b>                                    | <b>877.60</b>      |

##### For the year ended March 31, 2021:

|                                     | Opening<br>balance | Recognised in<br>statement of<br>profit and loss | Recognised in<br>other compre-<br>hensive income | Closing<br>balance |
|-------------------------------------|--------------------|--|--|--------------------|
| Property, plant and equipment       | 801.00             | (1.99)   | –  | 799.01             |
| Provision for employee benefits     | (47.19)            | (6.05)   | (2.93)   | (56.17)            |
| Allowance for credit losses         | (13.02)            | 9.44   | –  | (3.58)             |
| Leases                              | (0.25)             | (0.20)   | –  | (0.45)             |
| <b>Deferred tax liability (net)</b> | <b>740.54</b>      | <b>1.20</b>                                      | <b>(2.93)</b>                                    | <b>738.81</b>      |

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

### 24 Provisions

|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| <b>Provision for employee benefits</b> |                         |                         |
| Provision for gratuity (refer note 37) | 111.66                  | 112.09                  |
| Provision for compensatory absences    | 136.07                  | 139.23                  |
|  | <b>247.73</b>           | <b>251.32</b>           |

### 25 Current tax liabilities (net)

|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Income tax (net of advance tax and tax deducted at source) | 179.79                  | 286.90                  |
|  | <b>179.79</b>           | <b>286.90</b>           |

### 26 Other current liabilities

|   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| Statutory dues                                    | 172.83                  | 63.25                   |
| Advances from customers*                          | 339.16                  | 342.47                  |
| Liability towards Corporate Social Responsibility | 40.58                   | 43.76                   |
|   | <b>552.57</b>           | <b>449.48</b>           |

\* Includes amounts received from related parties of ₹7.49 (March 31, 2021: ₹7.88) (refer note 40)

### 27 Revenue from operations

|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| <b>A. Revenue from contract with customers</b> |                                      |                                      |
| <b>A1. Revenue from sale of goods</b>          |                                      |                                      |
| – Domestic                                     | 6,796.98                             | 3,976.96                             |
| – Export                                       | 32,902.90                            | 27,337.50                            |
| <b>(A1)</b>                                    | <b>39,699.88</b>                     | <b>31,314.46</b>                     |
| <b>A2. Revenue from sale of services</b>       |                                      |                                      |
| – Domestic                                     | 1,838.15                             | 1,194.90                             |
| – Export                                       | 2,303.42                             | 1,727.01                             |
| <b>(A2)</b>                                    | <b>4,141.57</b>                      | <b>2,921.91</b>                      |
| <b>Sub-total (A=A1+A2)</b>                     | <b>43,841.45</b>                     | <b>34,236.37</b>                     |
| <b>B. Other operating income</b>               |                                      |                                      |
| – Export incentives                            | 165.63                               | 392.39                               |
| <b>(B)</b>                                     | <b>165.63</b>                        | <b>392.39</b>                        |
| <b>(A+B)</b>                                   | <b>44,007.08</b>                     | <b>34,628.76</b>                     |



## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

### 27A Revenue from contract with customers:

#### (i) Disaggregated revenue information

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

|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Revenue from operations - Sale of goods    | 39,699.88                            | 31,314.46                            |
| Revenue from operations - Sale of services | 4,141.57                             | 2,921.91                             |
| <b>Total</b>                               | <b>43,841.45</b>                     | <b>34,236.37</b>                     |
| India                                      | 8,635.13                             | 5,171.86                             |
| Outside India                              | 35,206.32                            | 29,064.51                            |
|  | <b>43,841.45</b>                     | <b>34,236.37</b>                     |
| Timing of revenue recognition              |                                      |                                      |
| Services transferred over time             | 4,141.57                             | 2,921.91                             |
| Goods transferred at a point of time       | 39,699.88                            | 31,314.46                            |
| <b>Total</b>                               | <b>43,841.45</b>                     | <b>34,236.37</b>                     |

#### (ii) Contract balances

|                                    | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|------------------------------------|-------------------------|-------------------------|
| Trade receivables                  | 11,987.83               | 6,709.71                |
| Contract assets (Unbilled revenue) | 109.19                  | -                       |
| Contract liabilities               | 339.16                  | 342.47                  |

#### Refund liabilities

|                             | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|-----------------------------|-------------------------|-------------------------|
| Revenue received in advance | 17.33                   | 17.33                   |
|                             | <b>17.33</b>            | <b>17.33</b>            |

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

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

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

|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Balance at the beginning of the year  | 342.47                               | 342.31                               |
| Revenue recognised during the year  | (311.84)                             | (310.56)                             |
| Contract liabilities recognised during the year                                       | 308.53                               | 310.72                               |
| <b>Balance at the end of the year</b>   | <b>339.16</b>                        | <b>342.47</b>                        |
| Expected revenue recognition from remaining performance obligations - within one year | 339.16                               | 342.47                               |

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

### 27A Revenue from contract with customers: (Contd..)

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

|                                       | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| Balance at the beginning of the year  | 17.33                                | 17.33                                |
| Amount utilised during the year       | -                                    | -                                    |
| <b>Balance at the end of the year</b> | <b>17.33</b>                         | <b>17.33</b>                         |

### 28 Other income

|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Interest on   |                                      |                                      |
| - Fixed deposits  | 1,383.93                             | 856.39                               |
| - Others  | 2.52                                 | 3.10                                 |
| Foreign exchange gain (net)                               | 792.05                               | 405.26                               |
| Profit on disposal of property, plant and equipment (net) | -                                    | 0.24                                 |
| Insurance claim   | 0.44                                 | -                                    |
| Profit on disposal of financial assets - mutual funds     | 29.63                                | -                                    |
| Gain on fair valuation of financial assets - mutual funds | 15.26                                | -                                    |
| Miscellaneous income                                      | 15.55                                | 82.77                                |
|   | <b>2,239.38</b>                      | <b>1,347.76</b>                      |

### 29 Cost of materials consumed

|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Inventory at the beginning of the year | 5,304.01                             | 3,024.35                             |
| Add: Purchases                         | 16,608.32                            | 17,042.56                            |
|  | <b>21,912.33</b>                     | <b>20,066.91</b>                     |
| Less: Inventory at the end of the year | (4,662.51)                           | (5,304.01)                           |
| <b>Cost of raw materials consumed</b>  | <b>17,249.82</b>                     | <b>14,762.90</b>                     |
| Cost of packing materials consumed     | 3,218.80                             | 2,728.73                             |
|  | <b>20,468.62</b>                     | <b>17,491.63</b>                     |

### 30 Changes in inventories of finished goods, stock-in-trade and work-in-progress

|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Inventories at the end of the year       |                                      |                                      |
| Finished goods                           | 591.47                               | 1,759.29                             |
| Work in progress                         | 4,440.69                             | 3,639.77                             |
|  | <b>5,032.16</b>                      | <b>5,399.06</b>                      |
| Inventories at the beginning of the year |                                      |                                      |
| Finished goods                           | 1,759.29                             | 687.33                               |
| Work in progress                         | 3,639.77                             | 1,976.86                             |
|  | <b>5,399.06</b>                      | <b>2,664.19</b>                      |
|  | <b>366.90</b>                        | <b>(2,734.87)</b>                    |

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

### 31 Employee benefits expense

|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Salaries, wages and bonus                                   | 2,999.48                             | 2,597.09                             |
| Contribution to provident and other fund                    | 131.35                               | 112.35                               |
| Gratuity expense  | 60.47                                | 51.41                                |
| Staff welfare expenses                                      | 148.15                               | 197.41                               |
| Employee stock option compensation expenses (refer note 38) | 46.21                                | 155.34                               |
|   | <b>3,385.66</b>                      | <b>3,113.60</b>                      |

### 32 Other expenses

|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Stores Consumed   | 401.10                               | 463.00                               |
| Rent (refer note 47)  | 11.18                                | 8.24                                 |
| Repairs and maintenance:  |                                      |                                      |
| – Plant and machinery   | 304.20                               | 301.83                               |
| – Buildings   | 161.65                               | 93.73                                |
| – Other   | 41.54                                | 27.22                                |
| Rates and taxes   | 578.69                               | 370.80                               |
| Quality control expenses  | 409.80                               | 422.62                               |
| Research and development consumables                              | 426.56                               | 321.99                               |
| Legal and professional charges                                    | 189.99                               | 78.65                                |
| Carriage outwards   | 350.80                               | 329.78                               |
| Insurance   | 98.83                                | 63.67                                |
| Printing and stationery   | 32.94                                | 29.02                                |
| Travelling and conveyance   | 18.40                                | 13.85                                |
| Selling and business promotion expenses                           | 20.23                                | 19.51                                |
| Sales commission  | 38.78                                | 17.65                                |
| Postage and courier   | 0.80                                 | 1.96                                 |
| Telephone expenses  | 12.02                                | 10.27                                |
| Vehicle maintenance   | 12.73                                | 9.29                                 |
| <b>Payment to auditors*:</b>                                      |                                      |                                      |
| Audit fees  | 11.30                                | 9.74                                 |
| Certifications fees and others                                    | 1.40                                 | 0.28                                 |
| Out of pocket expenses  | 0.08                                 | 0.09                                 |
| Allowance for credit losses                                       | 37.85                                | 1.22                                 |
| Bad debts written off   | 3.42                                 | 2.76                                 |
| Loss on disposal of property, plant and equipment (net)           | 1.78                                 | –                                    |
| Miscellaneous expenses  | 111.44                               | 86.92                                |
| Corporate social responsibility(CSR) expenditure (refer note 32A) | 199.68                               | 144.23                               |
|   | <b>3,477.19</b>                      | <b>2,828.32</b>                      |

\*Excludes ₹ Nil (March 31, 2021: ₹29.07(net of taxes)) paid towards Initial Public Offer services of which, the Company's share of expenses amounting to ₹5.61 has been adjusted to Securities premium during the previous year.

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

### 32A Details of CSR expenditure

|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| a) Gross amount required to be spent by the company during the year | 199.68                               | 144.23                               |
| b) Amount approved by the Board to be spent during the year         | 199.68                               | 144.23                               |
| c) Amount spent(in cash) during the year :                          |                                      |                                      |
| i) Construction/acquisition of any asset                            | –                                    | –                                    |
| ii) On purposes other than (i) above                                | 176.93                               | 100.47                               |
| d) Details related to spent / unspent obligations :                 |                                      |                                      |
| i) Spent amount in relation to :                                    |                                      |                                      |
| – Ongoing project   | 4.60                                 | 32.24                                |
| – Other than ongoing project  | 172.33                               | 68.23                                |
| ii) Unspent amount in relation to :                                 |                                      |                                      |
| – Ongoing project   | 22.75                                | 43.76                                |
| – Other than ongoing project  | –                                    | –                                    |

#### Details of ongoing project and other than ongoing project for the year :

|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| <b>a) Ongoing Projects :</b>   |                                      |                                      |
| Opening Balance :  |                                      |                                      |
| With Company   | 43.76                                | –                                    |
| In Separate CSR Unspent A/C  | –                                    | –                                    |
| Amount required to be spent during the year :  | 27.35                                | 76.00                                |
| Amount spent during the year :   |                                      |                                      |
| From Company's bank A/C  | 4.60                                 | 32.24                                |
| From Separate CSR Unspent A/C  | 25.92                                | –                                    |
| Closing Balance :  |                                      |                                      |
| With Company*  | 22.75                                | 43.76                                |
| In Separate CSR Unspent A/C  | 18.34                                | –                                    |
| * Consequent to the Companies (Corporate Social Responsibility Policy) Amendment Rules 2021 ("the Rules"), the Company has transferred the Unspent amount of ₹22.75 to a separate bank account subsequent to the balance sheet date. |                                      |                                      |
| <b>b) Other than ongoing projects :</b>  |                                      |                                      |
| Opening Balance  | –                                    | –                                    |
| Amount deposited in Specified Fund of Sch. VII within 6 months   | –                                    | –                                    |
| Amount required to be spent during the year  | 172.33                               | 68.23                                |
| Amount spent during the year   | 172.33                               | 68.23                                |
| Closing Balance  | –                                    | –                                    |

### 33 Finance expenses

|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Interest expense on others                | 33.26                                | 28.45                                |
| Finance charges on leases (refer note 47) | 0.76                                 | 0.66                                 |
| Bank charges                              | 18.40                                | 5.00                                 |
|   | <b>52.42</b>                         | <b>34.11</b>                         |

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

### 34 Depreciation and amortisation expenses

|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Depreciation on property, plant and equipment       | 1,096.69                             | 985.75                               |
| Depreciation on right-of-use assets (refer note 47) | 1.80                                 | 2.05                                 |
| Amortisation on Intangible assets                   | 4.47                                 | -                                    |
|   | <b>1,102.96</b>                      | <b>987.80</b>                        |

### 35 Taxes

#### (a) Income tax expense:

The major components of income tax expenses for the year ended March 31, 2022 and March 31, 2021 are :

#### (i) Profit or loss section

|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Current tax  | 3,958.83                             | 3,394.46                             |
| Deferred tax credit  | 140.08                               | 1.20                                 |
| Adjustment of current income tax relating to earlier years                 | (30.03)                              | (17.19)                              |
| <b>Total income tax expense recognised in Statement of profit and loss</b> | <b>4,068.88</b>                      | <b>3,378.47</b>                      |

#### (ii) OCI Section

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Deferred tax credit on remeasurement of defined benefit plans | (1.29)                               | (2.93)                               |
| <b>Income tax charged to OCI</b>                              | <b>(1.29)</b>                        | <b>(2.93)</b>                        |

#### (b) Reconciliation of effective tax rate:

| Particulars  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Profit before tax (A)                              | 16,185.52                            | 13,348.10                            |
| Enacted tax rate in India (B)                      | 25.168%                              | 25.168%                              |
| Expected tax expenses (C = A*B)                    | 4,073.57                             | 3,359.45                             |
| <b>Tax effect of:</b>                              |                                      |                                      |
| Expenses disallowed under the Income Tax Act, 1961 | 50.90                                | 37.76                                |
| Adjustment for taxes with respect to earlier years | (30.03)                              | (17.19)                              |
| Impact of capital gain tax                         | -                                    | (2.22)                               |
| Income not taxable under the Income Tax Act, 1961  | (28.66)                              | -                                    |
| Others (net)                                       | 3.10                                 | 0.67                                 |
| <b>Total (D)</b>                                   | <b>(4.69)</b>                        | <b>19.02</b>                         |
| Expected tax expense (C+D)                         | 4,068.88                             | 3,378.47                             |
| Income tax expense                                 | 4,068.88                             | 3,378.47                             |
| Effective tax rate                                 | 25.14%                               | 25.31%                               |

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

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for the year ended March 31, 2022

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

### 36 Earnings per share (EPS)

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

|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| i) Profit for the year attributable to owners of the Company (₹)        | 12,116.64                            | 9,969.63                             |
| ii) Weighted average number of equity shares in calculating basic EPS   | 164,153,034                          | 158,076,908                          |
| iii) Dilutive effect of stock options outstanding                       | 384,749                              | 201,266                              |
| iv) Weighted average number of equity shares in calculating diluted EPS | 164,537,783                          | 158,278,174                          |
| v) Face value of each equity share (₹)                                  | 1.00                                 | 1.00                                 |
| vi) Basic earnings per share (₹)  | 73.81                                | 63.07                                |
| vii) Diluted earnings per share (₹)                                     | 73.64                                | 62.99                                |

### 37 Employee benefit plans

#### I Defined benefit plan

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

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

|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Current service cost                           | 54.03                                | 47.20                                |
| Interest cost on net defined benefit liability | 6.44                                 | 4.21                                 |
| <b>Net employee benefit expenses</b>           | <b>60.47</b>                         | <b>51.41</b>                         |

#### B) Amount recognised in the Balance Sheet

|                                      | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--------------------------------------|-------------------------|-------------------------|
| Defined benefit obligation           | 437.29                  | 376.88                  |
| Fair value of plan assets            | (325.63)                | (264.79)                |
| <b>Net defined benefit liability</b> | <b>111.66</b>           | <b>112.09</b>           |

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

|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Opening defined benefit obligation  | 376.88                               | 305.20                               |
| Current service cost  | 54.03                                | 47.20                                |
| Interest cost   | 21.64                                | 18.28                                |
| Benefits paid   | (12.84)                              | (13.80)                              |
| Net Actuarial (losses)/gain on obligation for the year recognised under OCI | (2.42)                               | 20.00                                |
| <b>Closing defined benefit obligation</b>                                   | <b>437.29</b>                        | <b>376.88</b>                        |



## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

### 37 Employee benefit plans (Contd..)

#### D) Change in the fair value of plan assets

|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Opening fair value of plan assets  | 264.79                               | 235.01                               |
| Return on plan assets  | 15.21                                | 14.07                                |
| Contributions  | 66.03                                | 21.15                                |
| Benefits paid  | (12.84)                              | (13.80)                              |
| Net Actuarial (losses)/gain on plan assets for the year recognised under OCI | (7.56)                               | 8.36                                 |
| <b>Closing fair value of plan assets</b>                                     | <b>325.63</b>                        | <b>264.79</b>                        |

The Company expects to contribute ₹163.24 to the gratuity fund in the next year (March 31, 2021: ₹157.66)

The average duration of the defined benefit obligation at the end of reporting period is 5 years (March 31, 2021 : 5 years).

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

|                      | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|----------------------|--------------------------------------|--------------------------------------|
| Investments with LIC | 100%                                 | 100%                                 |

#### E) Re-measurement adjustments:

|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Experience loss on plan liabilities                                 | 11.06                                | 23.52                                |
| Experience loss on plan assets                                      | 7.56                                 | (8.36)                               |
| Financial loss on plan liabilities                                  | (9.36)                               | 5.69                                 |
| Demographic gain on plan liabilities                                | (4.12)                               | (9.21)                               |
| <b>Re measurement loss recognised in other comprehensive income</b> | <b>5.14</b>                          | <b>11.64</b>                         |

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

|                | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|----------------|--------------------------------------|--------------------------------------|
| Discount rate  | 6.15%                                | 5.75%                                |
| Salary rise    | 10.00%                               | 10.00%                               |
| Attrition rate | 19.00%                               | 18.00%                               |

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

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

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

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

### 37 Employee benefit plans (Contd..)

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

Expected benefit payments:

|            | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|------------|--------------------------------------|--------------------------------------|
| 1 year     | 85.66                                | 68.16                                |
| 2-5 years  | 234.02                               | 189.97                               |
| 6-10 years | 175.72                               | 153.29                               |
| >10 years  | 126.74                               | 127.28                               |

#### (iii) Sensitivity analysis:

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

|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| (a) Effect of 1% change in assumed discount rate      |                                      |                                      |
| – 1% increase   | 416.33                               | 357.31                               |
| – 1% decrease   | 459.83                               | 398.04                               |
| (b) Effect of 1% change in assumed salary growth rate |                                      |                                      |
| – 1% increase   | 458.79                               | 396.98                               |
| – 1% decrease   | 416.85                               | 357.86                               |
| (c) Effect of 50% change in assumed attrition rate    |                                      |                                      |
| – 50% increase  | 410.13                               | 349.76                               |
| – 50% decrease  | 498.21                               | 438.48                               |

The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

#### II Defined contribution plan

|                                | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--------------------------------|--------------------------------------|--------------------------------------|
| Contribution to provident fund | 131.35                               | 112.35                               |

#### III Compensated absences

The Company provides for accumulation of compensated absences by certain categories of its employees. These employees can carry forward a portion of the unutilised compensated absences and utilise them in future periods or receive cash in lieu thereof as per the Company's policy. The Company records a liability for compensated absences in the period in which the employee renders the services that increases this entitlement. The total charge to statement of profit and loss is amounting to ₹7.85 mn and ₹38.81 mn for the year ended March 31, 2022 and March 31, 2021 respectively.

#### 38 Share-based payments

The Company instituted the Gland Pharma Employee Stock Option Scheme 2019 ('ESOP Scheme 2019') pursuant to approval of the Gland Pharma Employee Stock Option Plan 2019 ('Plan'). ESOP Scheme 2019 has been approved by special resolution on May 24, 2019 by the shareholders at the General meeting of the Company. The scheme is to grant options to eligible employees. The Compensation Committee of the Board, based on satisfaction of prescribed criteria like number of years of service of the employee, industry experience of the employee, grade or level of the employee etc.; identifies the employees eligible for the scheme. The maximum number of shares that may be issued pursuant to exercise of options granted to the participants under ESOP plan and the relevant notified scheme(s) shall not exceed 1,704,440 shares (after subdivision of equity shares). Out of 1,704,440 shares, the committee granted 1,549,500 shares on June 27, 2019 (grant date) to eligible employees.

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

### 38 Share-based payments (Contd..)

The method of settlement under scheme is by issue of equity shares of the Company and there are no cash settlement alternatives for the employees. Each option comprises of one underlying equity share of ₹1/- each (after subdivision of equity shares). The said options shall vest as 40%, 30% and 30% over the variable period subject to satisfaction of Employee performance conditions specified in the Grant Letter.

The details of ESOP Scheme are summarised below (after subdivision of equity shares):

| Grant     | Grant date    | Number of options granted | Exercise price | Weighted average fair value of option at grant date |
|-----------|---------------|---------------------------|----------------|---|
| 1st Grant | June 27, 2019 | 15,49,500                 | 542.00         | 248.46  |

#### Movements during the year

|   | For the year ended<br>March 31, 2022 |   | For the year ended<br>March 31, 2021 |   |
|---|--------------------------------------|---|--------------------------------------|---|
|   | No. of Shares                        | Weighted average exercise prices (WAEP) | No. of Shares                        | Weighted average exercise prices (WAEP) |
| <b>Outstanding as at beginning of year</b>  | 1,170,400                            | –                                       | 1,503,500                            | –                                       |
| Granted during the year   | –                                    | –                                       | –                                    | –                                       |
| Exercised during the year   | (709,800)                            | 542.00                                  | (310,100)                            | 542.00                                  |
| Lapsed during the year  | (5,100)                              | –                                       | (23,000)                             | –                                       |
| <b>Outstanding as at end of the year</b>  | <b>455,500</b>                       | –                                       | <b>1,170,400</b>                     | –                                       |
| Weighted average remaining contractual life for the stock option outstanding as at reporting date (years) | Nil                                  | –                                       | Nil, 0.75 and 1.75                   | –                                       |
| Exercise price for options outstanding at the end of the year(₹)  | 542.00                               | –                                       | 542.00                               | –                                       |
| Weighted average fair value of stock options granted during the year(₹)                                   | 248.46                               | –                                       | 248.46                               | –                                       |

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

|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Time to maturity (years)  | 1,2 and 3                            | 1,2 and 3                            |
| Fair value price  | 677.50                               | 677.50                               |
| Exercise price*   | 542.00                               | 542.00                               |
| Option life (years)   | 3.00                                 | 3.00                                 |
| Expected volatility (%)   | 30%                                  | 30%                                  |
| Risk-free interest rate (%)   | 7.35%                                | 7.35%                                |
| Expected dividends (%)  | 0%                                   | 0%                                   |
| Expected term based on vesting period (weighted average term of vesting period in years) ** | 1.5, 2.5 and 3.5                     | 1.5, 2.5 and 3.5                     |

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

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

#### Share-based payment expense

|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Equity settled share-based payment expense            | 46.21                                | 155.34                               |
| <b>Total expense arising from share-based payment</b> | <b>46.21</b>                         | <b>155.34</b>                        |

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

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

|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| (a) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting period.  | 90.48                                | 93.32                                |
| (b) The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting period.  | –                                    | –                                    |
| (c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.   | –                                    | –                                    |
| (d) The amount of interest accrued and remaining unpaid at the end of each accounting period; and   | –                                    | –                                    |
| (e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006. | –                                    | –                                    |

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

### 40 Related party disclosures

#### Names of related parties and description of relationship

| Name of the related party  | Relationship  |
|--|---|
| Shanghai Fosun Pharmaceutical (Group) Co., Ltd., China<br>Fosun Pharma Industrial Pte. Ltd., Singapore   | Ultimate Holding Company<br>Holding Company of Gland Pharma Limited |
| <b>Subsidiary</b><br>Gland Pharma International Pte. Ltd., Singapore (incorporated on March 10, 2021) (refer note 52)  |   |
| <b>Step-down subsidiary</b><br>Gland Pharma USA Inc., USA (incorporated on March 7, 2022) (refer note 52)  |   |
| <b>Fellow subsidiaries#</b><br>Avanc Pharma Distribution Co., Ltd., China<br>(Formerly known as Ahon Pharma Distribution Co., Ltd.)<br>Avanc Pharmaceutical Co., Ltd., China<br>(Formerly known as Ahon Pharmaceutical Co., Ltd.)<br>Breas Medical AB, Sweden<br>Chongqing Carelife Pharmaceutical Co., Ltd., China<br>Fosun Diagnostics (Shanghai) Co. Ltd., China<br>(Formerly known as Shanghai Fosun Long March Medical Science Co., Ltd.)<br>Fosun Pharma Sp. z o.o., Poland<br>Fosun Pharma USA Inc., USA<br>Guilin Pharmaceutical Co., Ltd., China<br>Shanghai Fosun Pharmaceutical Distribution Co. Ltd., China<br>Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd., China |   |

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

### 40 Related party disclosures (Contd..)

| Name of the related party   | Relationship   |
|---|--|
| Suzhou Erye Pharmaceutical Co. Ltd., China  |  |
| Tridem Pharma SAS, France   |  |
| Wanbang Biopharmaceutical Company Limited, China<br>(Formerly known as Jiangsu Wanbang Biopharmaceutical Company Limited) |  |
| <b>Enterprise over which Key Management Personnel exercise significant influence<sup>#</sup></b>                          |  |
| Gland Chemicals Private Limited, India (till December 03, 2020)   |  |
| Gland Celsus Bio Chemicals Private Limited, India (till December 03, 2020)  |  |
| Dhananjaya Properties LLP (till December 03, 2020)  |  |
| Sasikala Properties LLP (till December 03, 2020)  |  |
| <b>Key Management Personnel<sup>#</sup></b>   |  |
| Ravindranath Penmetsa (Dr. Ravi Penmetsa)   | Director in Fosun Pharma Industrial Pte. Ltd. (w.e.f June 03, 2019 till December 03, 2020) |
| Srinivas Sadu   | Managing Director and Chief Executive Officer  |
| Ravi Shekhar Mitra  | Chief Financial Officer  |
| Satyanarayana Murthy Chavali  | Independent Director   |
| Moheb Ali Mohammed  | Independent Director (upto October 8, 2020)  |
| Yiu Kwan Stanley Lau  | Chairman and Independent Director  |
| P. Sampath Kumar  | Company Secretary  |
| Udo J. Vetter   | Non-Executive Director (upto July 21, 2021)  |
|   | Independent Director (w.e.f. July 21, 2021)  |
| Essaji Goolam Vahanvati   | Independent Director (w.e.f. September 30, 2020)   |
| Nainalal Kidwai   | Independent Director (w.e.f. May 17, 2021)   |
| <b>Relatives of Key Management Personnel<sup>#</sup></b>  |  |
| K. Jhansi Lakshmi (till December 03, 2020)  |  |

<sup>#</sup>Parties with whom transactions are entered

### Transactions during the year:

|  | Nature                   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------|--------------------------------------|--------------------------------------|
| <b>Enterprise over which Key Management Personnel exercise significant influence</b> |                          |                                      |                                      |
| Gland Celsus Biochemicals Private Limited  | Sale of service          | –                                    | 17.11                                |
| Gland Chemicals Private Limited  | Purchase of raw material | –                                    | 1,085.11                             |
| Gland Chemicals Private Limited  | Sale of goods            | –                                    | 3.69                                 |
| Dhananjaya Properties LLP  | Rent expense             | –                                    | 1.63                                 |
| Sasikala Properties LLP  | Rent expense             | –                                    | 0.60                                 |
| <b>Ultimate Holding Company</b>  |                          |                                      |                                      |
| Shanghai Fosun Pharmaceutical (Group) Co., Ltd.                                      | Sale of service          | –                                    | 11.40                                |
| <b>Holding Company of Gland Pharma Limited</b>                                       |                          |                                      |                                      |
| Fosun Pharma Industrial Pte. Ltd.  | Sale of service          | –                                    | 18.00                                |
| <b>Fellow subsidiaries</b>   |                          |                                      |                                      |
| Avanc Pharma Distribution Co., Ltd.  | Sale of service          | 7.17                                 | –                                    |

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

### 40 Related party disclosures (Contd..)

|  | Nature  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|---|--------------------------------------|--------------------------------------|
| Avanc Pharmaceutical Co., Ltd.   | Sale of service                                   | 0.72                                 | –                                    |
| Breas Medical AB   | Purchase of goods                                 | 40.96                                | –                                    |
| Chongqing Carelife Pharmaceutical Co., Ltd.                            | Purchase of raw material                          | 74.23                                | 93.74                                |
| Fosun Diagnostics (Shanghai) Co. Ltd.                                  | Purchase of traded goods                          | –                                    | 24.12                                |
| Fosun Diagnostics (Shanghai) Co. Ltd.                                  | Purchase returns                                  | 12.74                                | –                                    |
| Fosun Pharma Sp. z o.o.  | Reimbursement of expense                          | –                                    | 0.34                                 |
| Fosun Pharma USA Inc.  | Sale of goods                                     | 1,261.65                             | 809.50                               |
| Fosun Pharma USA Inc.  | Sale of service                                   | 47.00                                | 226.94                               |
| Fosun Pharma USA Inc.  | Reimbursement of expense                          | 54.08                                | 43.03                                |
| Guilin Pharmaceutical Co., Ltd.  | Sale of goods                                     | –                                    | 5.05                                 |
| Shanghai Fosun Pharmaceutical Distribution Co. Ltd.                    | Reimbursement of expense                          | –                                    | 1.09                                 |
| Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.         | Reimbursement of expense                          | 0.88                                 | –                                    |
| Suzhou Erye Pharmaceutical Co. Ltd.                                    | Purchase of raw material                          | –                                    | 0.21                                 |
| Tridem Pharma SAS  | Sale of goods                                     | 372.10                               | 60.57                                |
| Wanbang Biopharmaceutical Company Limited                              | Purchase of raw material                          | 1,097.59                             | 908.40                               |
| Wanbang Biopharmaceutical Company Limited                              | Sale of service                                   | –                                    | 12.06                                |
| <b>Key Management Personnel<sup>^</sup></b>                            |   |                                      |                                      |
| Managing Director & CEO, Chief Financial Officer and Company Secretary | Salaries and other employee benefits <sup>®</sup> | 143.84                               | 127.43                               |
| Non-executive / independent directors                                  | Commission and other benefits                     | 24.17                                | 10.45                                |
| <b>Relatives of Key Management Personnel</b>                           |   |                                      |                                      |
| K. Jhansi Lakshmi  | Rent expense                                      | –                                    | 0.61                                 |

### Closing balances receivable/(payable) (Unsecured):

|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Avanc Pharma Distribution Co., Ltd.                            | –                       | (7.16)                  |
| Avanc Pharmaceutical Co., Ltd.                                 | –                       | (0.72)                  |
| Fosun Diagnostics (Shanghai) Co. Ltd.                          | –                       | (16.63)                 |
| Fosun Pharma USA Inc.  | 353.89                  | 357.97                  |
| Fosun Pharma USA Inc.  | (7.49)                  | –                       |
| Shanghai Fosun Pharmaceutical (Group) Co., Ltd.                | –                       | 11.45                   |
| Shanghai Fosun Pharmaceutical Distribution Co. Ltd.            | –                       | 0.64                    |
| Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd. | 0.50                    | –                       |
| Tridem Pharma SAS  | 10.15                   | 5.42                    |
| Wanbang Biopharmaceutical Company Limited                      | 328.65                  | –                       |
| Payable to Key Management Personnel                            | (21.94)                 | (8.02)                  |

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

<sup>®</sup> Includes employee stock option compensation expenses amounting to ₹8.02 (March 31, 2021 : ₹26.94)

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



## Notes to the Consolidated Financial Statements

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

### 41 Significant accounting judgements, estimates and assumptions

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

#### Judgements, estimates and assumptions

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

#### (i) Defined employee benefit plans (Gratuity)

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

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

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries. Further details about gratuity obligations are given in note 37.

#### (ii) Depreciation on property, plant and equipment

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

believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment.

#### (iii) Leases - Estimating the incremental borrowing rate

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

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

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

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

#### (v) Estimation of net realisable value of inventories

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

#### (vi) Share based payment

The Group measures the cost of equity-settled transactions with employees using Black Scholes model. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 38.

## Notes to the Consolidated Financial Statements

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### 42 Fair Values

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

|  | Carrying value          |                         | Fair value              |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| <b>Financial assets at amortised cost:</b>                             |                         |                         |                         |                         |
| Loans and others   | 2,470.85                | 390.44                  | 2,470.85                | 390.44                  |
| Trade receivables  | 11,987.83               | 6,709.71                | 11,987.83               | 6,709.71                |
| Cash and cash equivalents  | 3,188.20                | 4,924.63                | 3,188.20                | 4,924.63                |
| Bank balances other than 'Cash and cash equivalents'                   | 27,746.21               | 25,132.87               | 27,746.21               | 25,132.87               |
| <b>Financial assets at Fair value through profit and loss account:</b> |                         |                         |                         |                         |
| Investment in unquoted mutual funds                                    | 1,548.74                | –                       | 1,548.74                | –                       |
| <b>Financial liabilities at amortised cost:</b>                        |                         |                         |                         |                         |
| Borrowings (including current maturities)                              | 39.33                   | 40.69                   | 39.33                   | 40.69                   |
| Trade payables   | 4,628.50                | 3,963.49                | 4,628.50                | 3,963.49                |
| Other financial liabilities  | 234.48                  | 197.71                  | 234.48                  | 197.71                  |

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

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

### 43 Financial risk management objectives and policies

#### Financial Risk Management Framework

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

#### A Credit Risk

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

#### Trade receivables:

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

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

### 43 Financial risk management objectives and policies (Contd..)

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

#### Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹11,987.33 and ₹6,709.71 as of March 31, 2022 and March 31, 2021 respectively, being the total of the carrying amount of balances with trade receivables.

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

|   | Up to 1 Year    | 1 to 3 years | 3 to 5 years | > 5 years    | Total           |
|---|-----------------|--------------|--------------|--------------|-----------------|
| <b>March 31, 2022:</b>                    |                 |              |              |              |                 |
| Borrowings (including current maturities) | 1.12            | 12.70        | 25.51        | –            | 39.33           |
| Trade payables                            | 4,628.50        | –            | –            | –            | 4,628.50        |
| Other financial liabilities               | 228.77          | 5.70         | 0.75         | –            | 235.22          |
|   | <b>4,858.39</b> | <b>18.40</b> | <b>26.26</b> | <b>–</b>     | <b>4,903.05</b> |
| <b>March 31, 2021:</b>                    |                 |              |              |              |                 |
| Borrowings (including current maturities) | 1.35            | 6.80         | 21.52        | 11.02        | 40.69           |
| Trade payables                            | 3,963.49        | –            | –            | –            | 3,963.49        |
| Other financial liabilities               | 190.84          | 5.10         | 3.74         | –            | 199.68          |
|   | <b>4,155.68</b> | <b>11.90</b> | <b>25.26</b> | <b>11.02</b> | <b>4,203.86</b> |

Maturity analysis of lease liabilities is as follows:

|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Within one year                                | 2.39                    | 2.39                    |
| After one year but not more than three years   | 5.70                    | 5.10                    |
| After three years but not more than five years | 0.75                    | 3.74                    |
| More than five years                           | –                       | –                       |
|  | <b>8.84</b>             | <b>11.23</b>            |

### C Market Risk

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

#### C1. Foreign currency risk

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

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

## Notes to the Consolidated Financial Statements

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### 43 Financial risk management objectives and policies (Contd..)

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

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

|                          | Currency | As at March 31, 2022             |                |                    | As at March 31, 2021             |                |                    |
|--------------------------|----------|----------------------------------|----------------|--------------------|----------------------------------|----------------|--------------------|
|                          |          | Amount<br>in Foreign<br>Currency | Amount<br>in ₹ | Conversion<br>Rate | Amount<br>in Foreign<br>Currency | Amount<br>in ₹ | Conversion<br>Rate |
| Cash and cash equivalent | USD      | 28.28                            | 2,124.95       | 75.14              | 40.19                            | 2,935.80       | 73.04              |
|                          | EURO     | 2.47                             | 206.94         | 83.79              | 0.31                             | 26.51          | 85.27              |
| Trade receivables        | USD      | 113.87                           | 8,574.26       | 75.30              | 79.34                            | 5,795.27       | 73.04              |
|                          | EURO     | 2.72                             | 227.81         | 83.79              | 1.03                             | 87.53          | 85.27              |
|                          | AUD      | –                                | –              | –                  | 0.07                             | 3.66           | 55.24              |
|                          | CAD      | 0.84                             | 50.50          | 59.99              | 0.52                             | 30.04          | 57.71              |
| Trade payables           | USD      | 33.11                            | 2,520.08       | 76.10              | 29.88                            | 2,207.13       | 73.86              |
|                          | EURO     | 0.51                             | 43.55          | 85.11              | 1.99                             | 172.18         | 86.63              |
|                          | GBP      | 0.00                             | 0.45           | 100.17             | 0.03                             | 2.96           | 101.76             |
|                          | NOK      | 0.11                             | 0.93           | 8.64               | –                                | –              | –                  |
| Capital creditors        | USD      | 1.37                             | 104.27         | 76.11              | 1.00                             | 73.63          | 73.86              |
|                          | EURO     | 0.33                             | 27.81          | 85.11              | 0.06                             | 4.92           | 86.63              |

#### (b) Foreign currency sensitivity:

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

|                       | Change in exchange rate |          | Effect on profit before tax |         |
|-----------------------|-------------------------|----------|-----------------------------|---------|
|                       | Increase                | Decrease | Increase/(Decrease)         |         |
| <b>March 31, 2022</b> |                         |          |                             |         |
| USD                   | 1.00%                   | 1.00%    | 80.57                       | (80.57) |
| EURO                  | 1.00%                   | 1.00%    | 3.63                        | (3.63)  |
| <b>March 31, 2021</b> |                         |          |                             |         |
| USD                   | 1.00%                   | 1.00%    | 64.50                       | (64.50) |
| EURO                  | 1.00%                   | 1.00%    | (0.63)                      | 0.63    |

### 44 Fair value Hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities measured at fair value.

#### Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2022:

|  | As at<br>March 31, 2022 | Quoted prices in<br>active markets<br>(Level 1) | Significant<br>observable<br>inputs (Level 2) | Significant<br>unobservable<br>inputs (Level 3) |
|--|-------------------------|---|---|---|
| <b>Assets</b>  |                         |   |   |   |
| <b>Investments at fair value through profit and loss account</b> |                         |   |   |   |
| Unquoted mutual funds (refer note 8)                             | 1,548.74                | 1,548.74  | –   | –   |

There are no Investments at Fair value through profit and loss account as at March 31, 2021.

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

### 45 Capital management

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

The Group determines the capital requirement based on annual operating plans, long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Group is not subject to any externally imposed capital requirements as it does not have any interest-bearing loans in the current period.

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

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2022 and March 31, 2021.

### 46 Commitments and contingencies

#### a. Commitments

|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 1,117.62                | 1,445.31                |
| Other commitments  | Nil                     | Nil                     |

#### b. Contingent liabilities

|   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| (i) Outstanding bank guarantees (excluding performance obligations)   | 17.86                   | 638.24                  |
| (ii) Claims against the Group not acknowledged as debts   | 31.78                   | 31.78                   |
| (iii) Demand for direct taxes   | 17.25                   | 16.76                   |
| (iv) Demand for indirect taxes  |                         |                         |
| Entry tax   | 46.95                   | 46.95                   |
| Service tax   | 8.50                    | 7.99                    |
| Value Added Tax and CST   | 5.30                    | 5.30                    |
| (v) Provident Fund  |                         |                         |
| There are numerous interpretative issues relating to the Supreme Court (SC) judgement on Provident Fund (PF) dated 28th February, 2019. As a matter of caution, the Group has accordingly made the payments prospectively w.e.f. the order date. The Group will update its position, on receiving further clarity on the subject. |                         |                         |

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

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

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

### 47 Leases

#### Group as a Lessee

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

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

|                             | Amount      |
|-----------------------------|-------------|
| <b>As at April 01, 2020</b> | <b>9.51</b> |
| Depreciation expense        | (2.05)      |
| <b>As at March 31, 2021</b> | <b>7.46</b> |
| Depreciation expense        | (1.80)      |
| <b>As at March 31, 2022</b> | <b>5.66</b> |

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

|                             | Amount       |
|-----------------------------|--------------|
| <b>As at April 01, 2020</b> | <b>10.51</b> |
| Accretion of interest       | 0.66         |
| Payment                     | (1.91)       |
| <b>As at March 31, 2021</b> | <b>9.26</b>  |
| Accretion of interest       | 0.76         |
| Payment                     | (1.92)       |
| <b>As at March 31, 2022</b> | <b>8.10</b>  |

For Maturity analysis of lease liabilities refer note 43B

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

|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Depreciation expense on right-of-use assets                        | 1.80                                 | 2.05                                 |
| Interest expense on lease liabilities                              | 0.76                                 | 0.66                                 |
| Expense relating to short-term leases (included in other expenses) | 11.18                                | 8.24                                 |
| <b>Total amount recognised in statement of profit and loss</b>     | <b>13.74</b>                         | <b>10.95</b>                         |

The Group has total cash outflow for leases of ₹1.92 Mn and ₹1.91 Mn for the year ended March 31, 2022 and March 31, 2021 respectively.

### 48 Segment reporting

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

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

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



## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

### 48 Segment reporting (Contd..)

#### (a) Revenue from operations

|                    | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--------------------|--------------------------------------|--------------------------------------|
| USA                | 23,327.14                            | 21,281.68                            |
| India              | 8,800.75                             | 5,564.25                             |
| Europe             | 2,398.04                             | 1,507.60                             |
| Canada             | 829.19                               | 659.46                               |
| Australia          | 170.87                               | 160.38                               |
| Rest of World(ROW) | 8,481.09                             | 5,455.39                             |
| <b>Total</b>       | <b>44,007.08</b>                     | <b>34,628.76</b>                     |

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

#### (c) Customer contributing more than 10% of Revenue

|  | No of customers | Amount          |
|--|-----------------|-----------------|
| <b>For the year ended March 31, 2022</b> | <b>1</b>        | <b>6,546.24</b> |
| <b>For the year ended March 31, 2021</b> | <b>2</b>        | <b>8,260.87</b> |

49 The Company has completed the Initial Public Offer ("IPO") of 43,196,968 Equity Shares of the face value of ₹1/- each at an issue price of ₹1,500/- per Equity Share, comprising offer for sale of 34,863,635 shares by Selling Shareholders and fresh issue of 8,333,333 shares. The Equity Shares of the Company were listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") on November 20, 2020.

The utilisation of the net IPO proceeds is summarised below:

| Objects of the issue                            | Amount as per prospectus | Revised Amount   | Utilisation upto 31-Mar-22 | Unutilised amounts as at 31-Mar-22 |
|---|--------------------------|------------------|----------------------------|------------------------------------|
| Funding incremental working capital requirement | 7,695.00                 | 7,695.00         | 7,695.00                   | -                                  |
| Funding capital expenditure requirement         | 1,680.00                 | 1,680.00         | 1,440.04                   | 239.96                             |
| General corporate purpose                       | 2,864.68                 | 2,875.00         | 2,875.00                   | -                                  |
| <b>Total</b>                                    | <b>12,239.68</b>         | <b>12,250.00</b> | <b>12,010.04</b>           | <b>239.96</b>                      |

IPO proceeds which were unutilised as at March 31, 2022 were temporarily invested in deposits with scheduled commercial bank and in monitoring agency account.

### 50 Research and development

|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Revenue expenditure (including depreciation) | 1,931.54                             | 1,198.59                             |
| Capital expenditure                          | 341.88                               | 20.96                                |
|  | <b>2,273.42</b>                      | <b>1,219.55</b>                      |

51 The Code of Social Security 2020 ('Code') relating to employee benefits during employment and post-employment received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period in which the Code becomes effective.

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

52 On March 10, 2021, the Company has subscribed to 100% of shares in Gland Pharma International Pte. Ltd., Singapore (the "Subsidiary") by way of subscription to the Memorandum of Association. On March 7, 2022, the Subsidiary has subscribed to the 100% shares of Gland Pharma USA Inc., USA (the "Step-down subsidiary"). There are no significant operations in these entities for the year ending March 31, 2022.

### 53 Ratio Analysis and its elements

| Ratio                             | Numerator                                | Denominator                             | March 31,<br>2022 | March 31,<br>2021 | % change |
|-----------------------------------|--|---|-------------------|-------------------|----------|
| Current Ratio                     | Current assets                           | Current liabilities                     | 10.05             | 10.00             | 1%       |
| Debt- Equity Ratio                | Total Debt <sup>(1)</sup>                | Shareholder's Equity                    | 0.00              | 0.00              | 0%       |
| Debt service Coverage Ratio       | Earnings for debt service <sup>(2)</sup> | Debt service <sup>(3)</sup>             | 361.78            | 327.38            | 11%      |
| Return on Equity (ROE)            | Net Profits after taxes                  | Average Shareholder's Equity            | 19%               | 21%               | -10%     |
| Inventory Turnover Ratio          | Cost of goods sold                       | Average Inventory                       | 2.18              | 1.98              | 10%      |
| Trade Receivable Turnover Ratio   | Revenue from operations                  | Average Trade receivable                | 4.71              | 5.44              | -13%     |
| Trade Payable Turnover Ratio      | Cost of goods sold                       | Average Trade payables                  | 6.24              | 6.19              | 1%       |
| Net Capital Turnover Ratio        | Revenue from operations                  | Working capital <sup>(4)</sup>          | 0.84              | 0.75              | 12%      |
| Net Profit Ratio                  | Net Profit after taxes                   | Revenue from operations                 | 28%               | 29%               | -3%      |
| Return on Capital Employed (ROCE) | EBIT <sup>(5)</sup> - taxes              | Average capital employed <sup>(6)</sup> | 18%               | 21%               | -14%     |
| Return on Investment (ROI)        |  |   |                   |                   |          |
| - Unquoted - mutual funds         | Income generated from investments        | Time weighted average investments       | 4%                | NA*               | NA*      |
| - Unquoted - Others               | Income generated from investments        | Time weighted average investments       | 5%                | 5%                | 0%       |

<sup>(1)</sup> Debt represents borrowings and lease liabilities

<sup>(2)</sup> Earnings for debt service represents Net profit after taxes + Non-cash operating expenses

<sup>(3)</sup> Debt service represents Interest & Lease payments + Principal repayments

<sup>(4)</sup> Working capital represents Current assets - Current liabilities

<sup>(5)</sup> EBIT represents Earnings before Interest and Taxes

<sup>(6)</sup> Capital employed represents Total Assets - Current liabilities

\*Income from unquoted mutual funds is not there in the previous year

### 54 Other Statutory Information

- The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- The Group does not have any transactions with companies struck off.
- The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

### 54 Other Statutory Information (Contd..)

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(vii) The Group has not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

### 55 Description of the Group

#### Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements

| Name of the entity                      | As at March 31, 2022                                 |                       | For the year ended March 31, 2022   |                       |   |                       |   |                       |
|---|--|-----------------------|-------------------------------------|-----------------------|---|-----------------------|---|-----------------------|
|   | Net Assets i.e. Total Assets minus Total Liabilities |                       | Share in Profit or Loss             |                       | Share in Other Comprehensive Income             |                       | Share in Total Comprehensive Income             |                       |
|   | As % of consolidated Net Assets                      | Amount (₹ in million) | As % of consolidated Profit or Loss | Amount (₹ in million) | As % of consolidated Other Comprehensive Income | Amount (₹ in million) | As % of consolidated Total Comprehensive Income | Amount (₹ in million) |
| <b>PARENT COMPANY</b>                   |  |                       |                                     |                       |   |                       |   |                       |
| Gland Pharma Limited                    | 100%   | 71,582.28             | 100%                                | 12,121.55             | 84%   | (3.85)                | 100%  | 12,117.70             |
| <b>SUBSIDIARIES</b>                     |  |                       |                                     |                       |   |                       |   |                       |
| <b>Foreign subsidiaries</b>             |  |                       |                                     |                       |   |                       |   |                       |
| Gland Pharma International Pte. Ltd.    | 0%   | 75.50                 | 0%                                  | (4.91)                | 0%  | –                     | 0%  | (4.91)                |
| Gland Pharma USA Inc.                   | 0%   | –                     | 0%                                  | –                     | 0%  | –                     | 0%  | –                     |
| <b>Sub total</b>                        | <b>100%</b>  | <b>71,657.78</b>      | <b>100%</b>                         | <b>12,116.64</b>      | <b>84%</b>                                      | <b>(3.85)</b>         | <b>100%</b>                                     | <b>12,112.79</b>      |
| Adjustment arising out of consolidation | 0%   | (81.57)               | 0%                                  | –                     | 16%   | (0.73)                | 0%  | (0.73)                |
|   | <b>100%</b>  | <b>71,576.21</b>      | <b>100%</b>                         | <b>12,116.64</b>      | <b>100%</b>                                     | <b>(4.58)</b>         | <b>100%</b>                                     | <b>12,112.06</b>      |
| Non-controlling interests               | 0%   | –                     | 0%                                  | –                     | 0%  | –                     | 0%  | –                     |
| <b>Total</b>                            | <b>100%</b>  | <b>71,576.21</b>      | <b>100%</b>                         | <b>12,116.64</b>      | <b>100%</b>                                     | <b>(4.58)</b>         | <b>100%</b>                                     | <b>12,112.06</b>      |

Note: Net assets and share in profit or loss for the Holding Company and subsidiaries are as per the standalone financial statements of the respective entities.

| Name of the entity                      | As at March 31, 2021                                 |                       | For the year ended March 31, 2021   |                       |   |                       |   |                       |
|---|--|-----------------------|-------------------------------------|-----------------------|---|-----------------------|---|-----------------------|
|   | Net Assets i.e. Total Assets minus Total Liabilities |                       | Share in Profit or Loss             |                       | Share in Other Comprehensive Income             |                       | Share in Total Comprehensive Income             |                       |
|   | As % of consolidated Net Assets                      | Amount (₹ in million) | As % of consolidated Profit or Loss | Amount (₹ in million) | As % of consolidated Other Comprehensive Income | Amount (₹ in million) | As % of consolidated Total Comprehensive Income | Amount (₹ in million) |
| <b>PARENT COMPANY</b>                   |  |                       |                                     |                       |   |                       |   |                       |
| Gland Pharma Limited                    | 100%   | 59,032.85             | 100%                                | 9,970.05              | 100%  | (8.71)                | 100%  | 9,961.34              |
| <b>SUBSIDIARIES</b>                     |  |                       |                                     |                       |   |                       |   |                       |
| <b>Foreign subsidiaries</b>             |  |                       |                                     |                       |   |                       |   |                       |
| Gland Pharma International Pte. Ltd.    | 0%   | 5.06                  | 0%                                  | (0.42)                | 0%  | –                     | 0%  | (0.42)                |
| <b>Sub total</b>                        | <b>100%</b>  | <b>59,037.91</b>      | <b>100%</b>                         | <b>9,969.63</b>       | <b>100%</b>                                     | <b>(8.71)</b>         | <b>100%</b>                                     | <b>9,960.92</b>       |
| Adjustment arising out of consolidation | 0%   | (5.49)                | 0%                                  | –                     | 0%  | (0.01)                | 0%  | (0.01)                |
|   | <b>100%</b>  | <b>59,032.42</b>      | <b>100%</b>                         | <b>9,969.63</b>       | <b>100%</b>                                     | <b>(8.72)</b>         | <b>100%</b>                                     | <b>9,960.91</b>       |
| Non-controlling interests               | 0%   | –                     | 0%                                  | –                     | 0%  | –                     | 0%  | –                     |
| <b>Total</b>                            | <b>100%</b>  | <b>59,032.42</b>      | <b>100%</b>                         | <b>9,969.63</b>       | <b>100%</b>                                     | <b>(8.72)</b>         | <b>100%</b>                                     | <b>9,960.91</b>       |

Note: Net assets and share in profit or loss for the Holding Company and subsidiaries are as per the standalone financial statements of the respective entities.

## Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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

### 56 Impact of COVID-19 Outbreak

The outbreak of COVID-19 in many countries has brought about disruptions to businesses around the world and uncertainty to the global economy. The Group is closely monitoring the impact of the pandemic on all aspects of its business, including how it will impact its customers, employees, vendors and business partners. Based on the current estimates, the Group expects to fully recover the carrying amount of assets and does not foresee any significant impact on its operations. The Group will continue to closely monitor any material changes to future economic conditions.

### 57 Subsequent events

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

As per our report of even date attached

For **S.R.BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm Registration Number : 101049W/E300004

per **Navneet Rai Kabra**

Partner

Membership No. 102328

Place: Hyderabad

Date: May 19, 2022

for and on behalf of the Board of Directors

**Gland Pharma Limited**

**Srinivas Sadu**

Managing Director and

Chief Executive Officer

DIN: 06900659

**P. Sampath Kumar**

Company Secretary

Place: Hyderabad

Date: May 19, 2022

**Satyanarayana Murthy Chavali**

Independent Director

DIN: 00142138

**Ravi Shekhar Mitra**

Chief Financial Officer









**GLAND PHARMA LIMITED**