



# Marksans Pharma Ltd.

**BSE Limited**

Corporate Relation Department  
Phiroze Jeejeeboi Towers,  
Dalal Street,  
Mumbai – 400001.  
Scrip Code: 524404

**National Stock Exchange of India Limited**

Listing Department  
Exchange Plaza, C-1, Block-G,  
Bandra-Kurla Complex,  
Bandra (East), Mumbai – 400051.  
Symbol: MARKSANS

2<sup>nd</sup> September, 2020

Dear Sir/Madam,

**Sub: Submission of Annual Report for the Financial Year 2019-20.**

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosed herewith kindly find Annual Report of the Company for the Financial Year 2019-20.

You are requested to note the above in your records.

Thanking You,  
For Marksans Pharma Limited

**Harshavardhan Panigrahi**  
Company Secretary

Enclosed as above

## Marksans Pharma Ltd.

11th Floor, "GRANDEUR", Opp. Gundecha Symphony, Veera Desai Extension Road, Oshiwara,  
Andheri (W), Mumbai - 400 053 • Tel.: +91 22 4001 2000 • E-mail: info@marksanspharma.com  
www.marksanspharma.com



Marksans Pharma Ltd.

# Synergies of Growth

Ensuring Progress. Strengthening Performance.

Marksans Pharma Limited | Annual Report 2019-20

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To see the online version of this report please log on to [www.marksanspharma.com](http://www.marksanspharma.com)

### Forward looking statement

Some information in this report may contain forward-looking statements. We have based these forward looking statements on our current beliefs, expectations and intentions as to facts, actions and events that will or may occur in the future. Such statements generally are identified by forwardlooking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. A forward-looking statement may include a statement of the assumptions or basis underlying the forward-looking statement. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution you that forward looking statements and assumed facts or bases almost always vary from actual results, and the differences between the results implied by the forwardlooking statements and assumed facts or bases and actual results can be material, depending on the circumstances.



**Organisational growth breeds on multiple parameters of success. For Marksans Pharma, the synergies of growth rest on its inherent capacities to deliver and develop unique solutions while strongly paving the road to future sustainability.**

To consistently stay ahead of competition, our objectives are clear. It's time to look ahead, formulate plans to shape our future and nurture the perfect balance between new and existing opportunities – to ensure progress through exceptional performances.

# Marksans Pharma- An Overview

Marksans Pharma Limited (Marksans) is among the fastest growing pharmaceutical companies in India.

Headquartered in Mumbai, Marksans is engaged in Research, Manufacturing & Marketing of generic pharmaceutical formulations. With three world-class manufacturing facilities in India, UK and the US, Marksans has established a dominant position in regulated markets in India and abroad. Leveraging its state-of-the-art research and development facilities, the Company has forayed into diverse segments within the pharma space. Our constant focus on adhering to stringent regulations and norms have earned us approvals from prestigious authorities including USFDA, UK MHRA, Australian TGA and others, making us a trusted partner for our patrons.

Over the last nineteen years, Marksans has established a strong, forward integrated business model focusing on OTC & prescription drugs with applications in diverse fields ranging from Oncology, CVS, CNS, Anti-diabetic, Gastroenterology ailments to Pain Management and Cough and Cold.



## VISION

“To Create a Global Pharmaceutical Company”



## MISSION

- ◆ Establishing a strong presence in the Regulated pharmaceutical market through organic and inorganic channels.
- ◆ Focusing on building Intellectual Property assets especially in niche dosage forms.
- ◆ Establish Vertically integrated business module to capture entire value chain.



## VALUES

- ◆ **Achievement** - We applaud achievement and strive towards our vision, with perseverance
- ◆ **Respect** - We respect all our stakeholders
- ◆ **Knowledge** - We value knowledge for it empowers our people to develop innovative solutions and to manage change
- ◆ **Honesty and Integrity** - We perform our duties with extreme honesty and integrity

1150+

Employees Globally

500+

Registered Products

₹ 1786.65 Crore

Market Capitalisation  
as on 4 August, 2020

48.25%

Promoter  
Shareholding as on  
31 March, 2020

**OUR MANUFACTURING CAPABILITIES**



**Our Manufacturing**

Goa, India  
 Southport, UK  
 Farmingdale, USA

**3**

State-of-the-art  
 Manufacturing Facilities

**Goa, India**

One of the biggest manufacturing facilities in Asia that is spread over 18,000 square metres campus manufacturing oral solid tablets, soft gelatin capsules and hard capsules

**Capacity**

**2.4 billion**

Softgel and Hard Gelatin capsules per annum

**6 billion**

Tables per annum

**Accreditations**

- ◆ US FDA
- ◆ MHRA
- ◆ Australian TGA.



**Southport, UK**

The facility manufactures non-sterile liquids, ointments and powder products and caters to UK, West Africa & Middle East

**Capacity**

**2 billion**

Bottles per annum

**1 billion**

Tubes per annum

**1 billion**

Sachets per annum

**MHRA**

Accreditation



**Farmingdale, USA**

The facility is spread across an area of 7000 sq. m and manufactures soft gels, tablets and capsules.

**Capacity**

**6 billion**

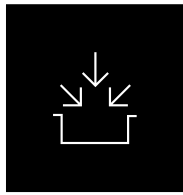
Tablets and Hard Capsules per annum

**US FDA**

Accreditation



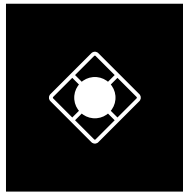
# Unlocking Value from Our Business Model



## KEY INPUTS

A prudent capital structure with zero debt.

Manufacturing Sites



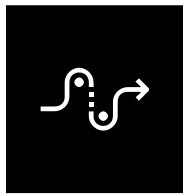
## CORE STRENGTHS

### Forward Integrated business model

Manufacturing facilities with **state-of-the-art technology** developing generic products and pharmaceutical formulations

### Presence in multiple therapeutic areas

Over the years we have spread our product portfolio across **key therapeutic areas** that find acceptance in regulated markets

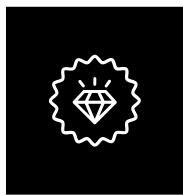


## BUSINESS OUTCOMES

Manufacturing Facilities inspected by Various regulatory Authorities including **USFDA, UKMHRA** and **Australian TGA**

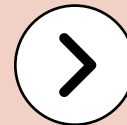
Ability to capture growth in relevant categories

Not dependent on Single product or Segment



## VALUE CHAIN

**Research & Development**



**Registration**



## IMPACT ON STAKEHOLDERS

### Patients

Providing quality and affordable pharmaceuticals to patients across the world

### Shareholders

Rewarding shareholders through regular dividends and strengthening shareholder value

R&D centres

Employees

Front end distribution network in USA, UK & Australia.

In-house R&D capabilities

**Global footprint**

Present and markets products across **50+** countries

**Strong R&D**

Two R&D centre with **50+** experienced scientists

**Developing high-quality, low cost & niche products**

Manufacturing affordable medicines across multiple dosage forms

**Culture of high performance**

**1150+** Employees across offices and facilities

Presence in key Pharma regulated markets Including the UK, US and emerging markets

Dedicated commercial and business development teams focused on developing new partnerships

Presence in multiple Therapeutic areas

Basket of over **500** finished dosage formulations across the global markets

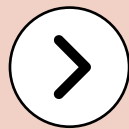
**Cost-competitive portfolio** is key to success in the price sensitive generic drug industry

Speed and effectiveness in execution

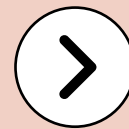
**Motivated and Empowered** workforce



**Manufacturing**



**Supply Chain**



**Sales & Marketing**

**Employees**

Providing a safe and nurturing work environment with ample learning and growth opportunities

**Government**

Strong governance culture with significant contribution to exchequer

**Communities**

Creating social infrastructure for community development

**Business Partners**

Partnering with the best to ensure quality inputs of raw materials



# Our Evolution

## OUR JOURNEY OVER THE YEARS

**Development**

**2001**

Marksans Pharma was incorporated as a wholly-owned subsidiary of Glenmark Pharmaceuticals Ltd.

**Start-up**

**2003**

Spun into Glenmark Laboratories Ltd., a separate entity and; changed the name to Marksans Pharma Ltd.

**Investment Phase**

**2005**

Acquired Nova Pharmaceuticals Australasia Pty. Ltd.



**Investment Phase**

**2008**

Acquired two companies

- ◆ **Bell, Sons & Co. (Druggists) Limited**
- ◆ **Relonchem Limited**

Increased ANDA filings and invested in site transfers (products of newly-acquired companies) to India

**Recovery Phase****2013-16**

- ◆ Strategised our focus on specific verticals and identified nonperforming products
- ◆ Reduced liabilities and repaid debts
- ◆ Improved operating performance with Advil sales in the US, ramped up performances and stabilised subsidiary businesses
- ◆ Acquired 10 ANDA approvals and built a robust pipeline with 10 more ANDA filings
- ◆ Acquired Time Cap Laboratories Inc. in USA

**Growth Phase****2017-20**

- ◆ Crossed the ₹1000 crore revenue milestone for the first time in FY 2018-19
- ◆ Emerged out as a forward integrated robust business model comprising R&D, inhouse manufacture and direct distribution across key markets
- ◆ Address sectoral opportunities and grow sustainably
- ◆ Commissioned a new R&D center at Navi Mumbai, apart from one in Goa
- ◆ Received EIR receipt from the US FDA for Time Cap Laboratories
- ◆ Debt free as on March 31, 2020

**Consolidation Phase****2010-12**

Integrated acquired companies and unlocked synergies

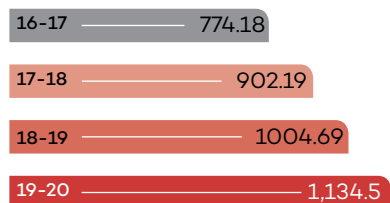


# Delivering Growth

## PROFIT & LOSS METRICS

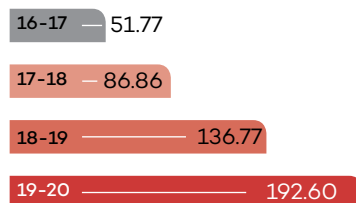
Revenue from operations (₹ in Crores)

**10.02%** ↑  
4-year CAGR



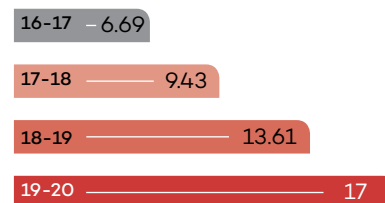
EBITDA (₹ in Crores)

**38.88%** ↑  
4-year CAGR



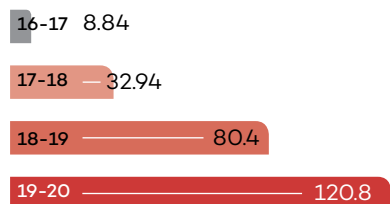
EBITDA Margin (%)

**111bps** ↑  
Y-o-Y growth



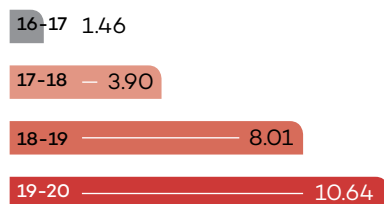
PAT (₹ in Crores)

**92.27%** ↑  
4-year CAGR



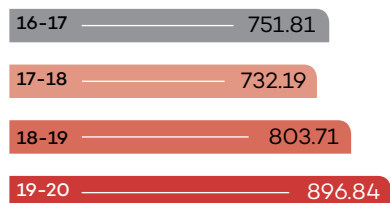
PAT Margin (%)

**264bps** ↑  
Y-o-Y growth

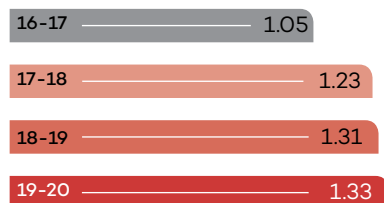


## BALANCE SHEET METRICS

Total Assets (₹ in Crores)

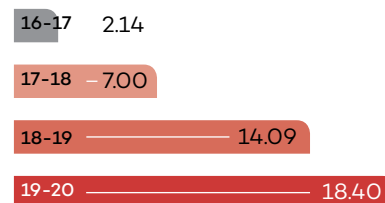


Asset-Turnover Ratio (in times)



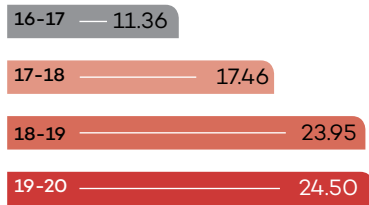
RoNW (in %)

**431bps** ↑  
Y-o-Y growth

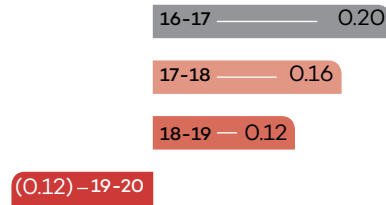


**RoCE (in %)**

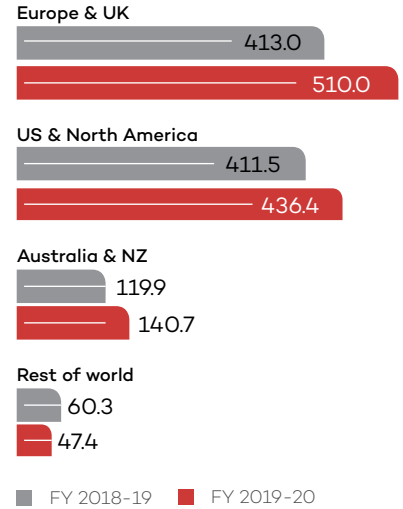
**55bps** ↑  
Y-o-Y growth



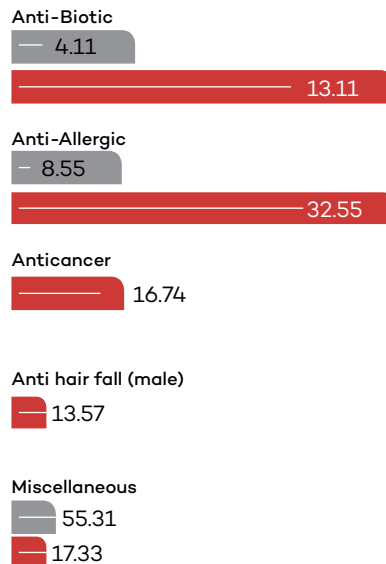
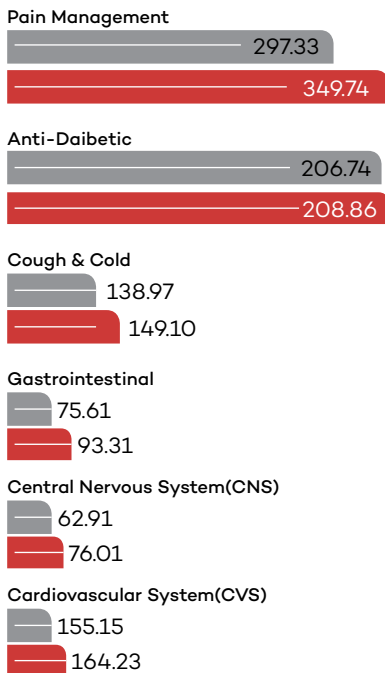
**Debt-Equity Ratio (in times)**



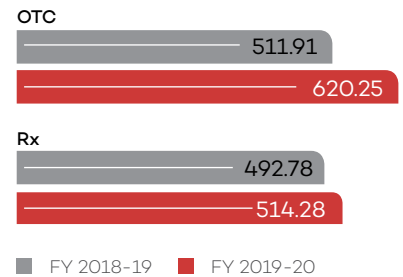
**Revenue by geography (₹ in Crores)**



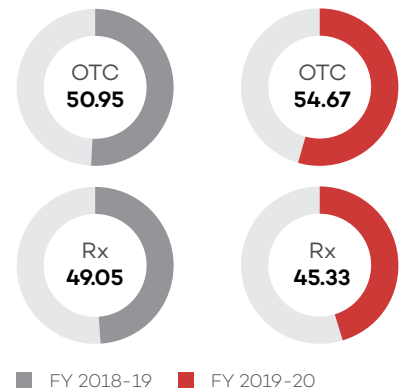
**Sales (₹ in Crores)**



**Segment (₹ in Crores)**



**Segment (₹ in Crores)**

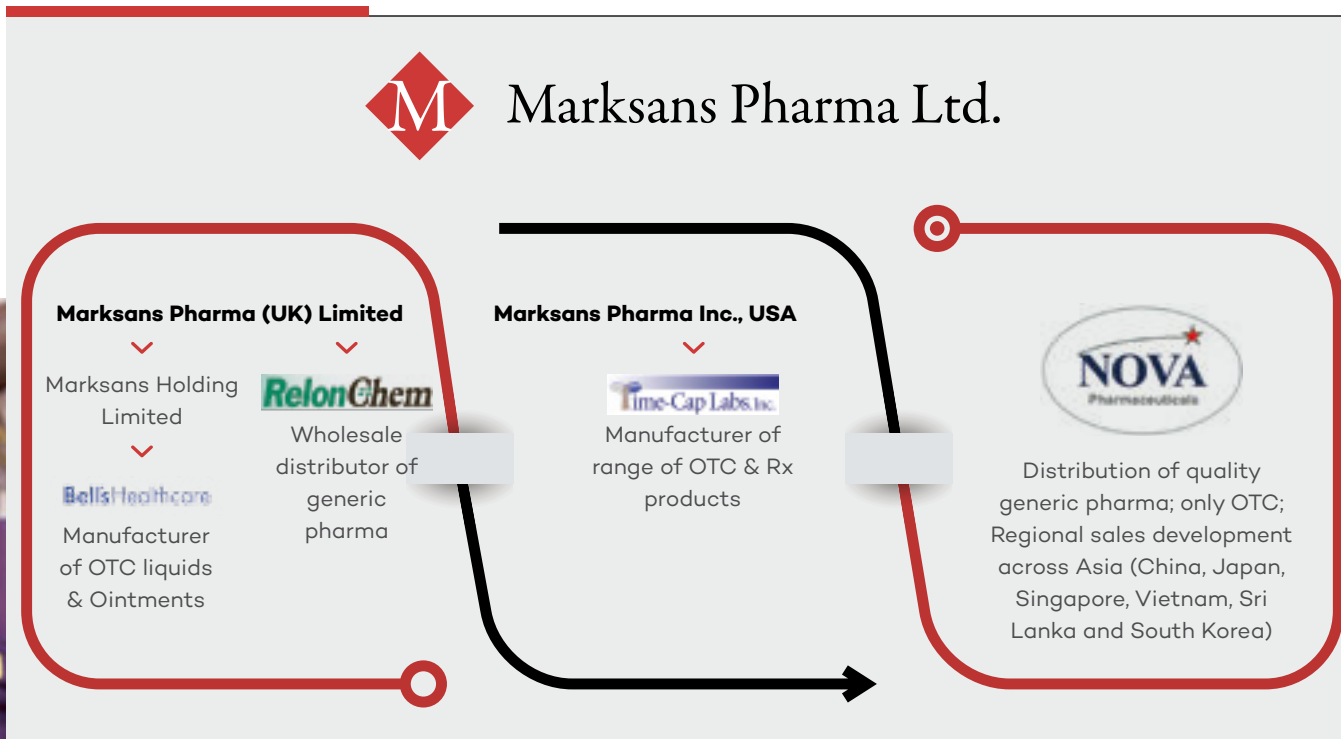


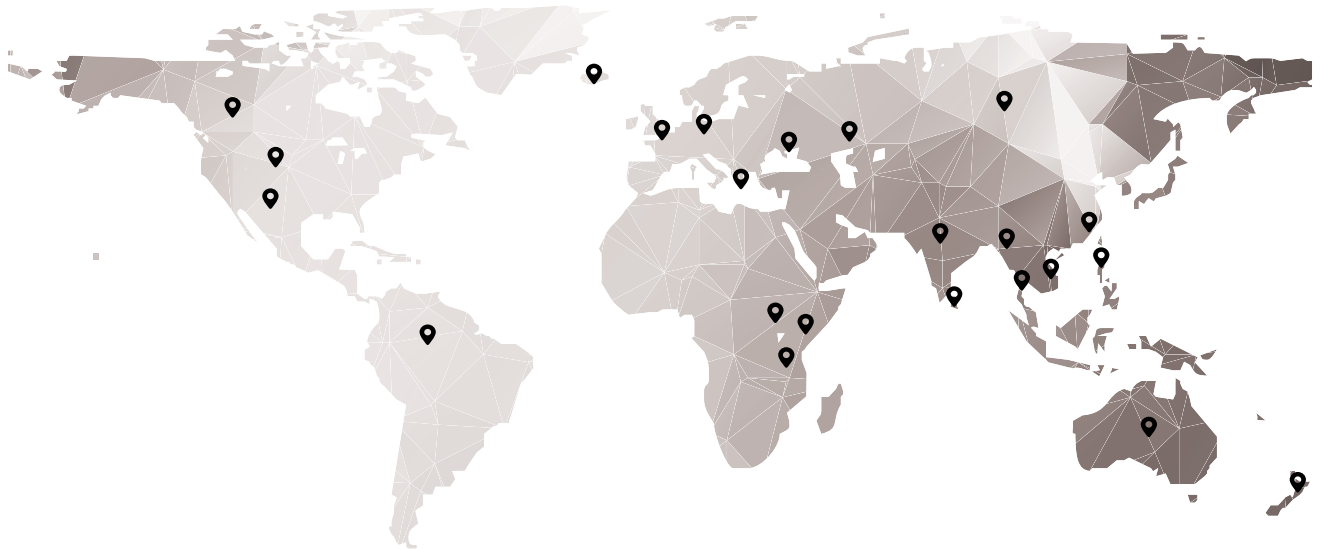
■ FY 2018-19 ■ FY 2019-20

■ FY 2018-19 ■ FY 2019-20

# Expanding Our Reach

We aspire to become one of the most respected, profitable and integrated global pharmaceutical companies, aligned to international standards of excellence. To expand our global footprint and further consolidate our operations, we have entered into strategic Acquisitions in USA, UK & Australia that have helped create unmatched synergies for sustainable growth.





#### 📍 Marksans' primary markets

Canada ♦ US ♦ The Caribbean ♦ Latin America ♦ Iceland, Germany ♦ UK & Europe  
♦ Iraq ♦ Ukraine ♦ Greece ♦ Uganda, Kenya ♦ Tanzania ♦ Russia ♦ India ♦ Sri Lanka ♦  
Myanmar, Cambodia ♦ Veitnam ♦ Philippines ♦ Hong Kong ♦ Australia ♦ New Zealand

With a robust product portfolio of over 500 products, we deliver our offerings primarily to markets in Europe & UK, US & North America, Australia & New Zealand along with other emerging markets in South East Asia, Africa, Latin America, Russia and CIS.



# Chairman's Overview



## Dear Shareholders

It's the start of another fiscal and with immense pleasure, I share with you our Company's performance in FY 2019-20. In the last six months, the world has witnessed unprecedented events, adopted to a new normal and has improvised ways to ensure business continuity. Amidst, such volatility, we have once again delivered on our promise – recording exceptional performances despite sluggish economic growth.

Global as well as domestic economic growth continued to be subdued in FY 2019-20 owing to varied macroeconomic uncertainties. To add fuel to fire, the sudden outbreak of the COVID-19 pandemic caused rampant disruptions across supply chains and manufacturing activities, bringing economic activity to a

standstill. Countries were locked down completely, businesses stopped indefinitely and the wheels of the economy started turning backwards.

However, your company remained resolute and were among the very few companies to showcase strong growth in the last fiscal. We recorded revenues of ₹1,134.5 crore, representing a year-on-year growth of 12.9%, a major milestone in our journey. It not only displayed our inherent strength to enable differentiated outcomes, but also brought to the fore our zeal to prosper amidst challenges.

We recorded a healthy EBITDA of ₹192.6 crore, registering a growth of 40.8%. Profit after tax stood at ₹120.8 crore in FY 2019-20, in comparison to ₹80.4 crore in FY 2018-19, indicating a 50.1% growth. Our robust performances

enabled us to sharpen our competitive edge, enhanced our profitability and fuelled our appetite to achieve greater heights of success.

## STEADY GROWTH

Marksans' growth continued unabated in the last fiscal primarily due to its strong foothold in diverse geographies. Positive performances from US, Europe, Australia and New Zealand, contributed around 96% of the Company's total revenue.

Besides, the formulation business in the UK registered a growth of 23.5% in FY 2019-20, adding ₹510 crores to our revenue share. A strong product pipeline and successful launches every quarter helped us to consistently retain our dominance in this vertical. The US and North American business too reported growth of 6.1% with revenues of ₹436.4 crore. Further, revenue from Australia & New Zealand stood at ₹140.7 crore in FY 2019-20 and ₹47.4 crore from the rest of the world.

We continued to strengthen our business strategically, driving growth through major collaborations and acquisitions. Our global footprint in key markets continues to expand and at present, Marksans markets products in over 50 countries, with the UK and the US being our largest markets. Going forward, we aim to further consolidate our position in regulated markets through integrated product development, CGMP and regulatory compliances and utilisation of latest technology to constantly innovate and improve our offerings.

## OUR WAY FORWARD

Marksans is among a handful of Indian pharmaceutical companies to focus on exports and derives significant revenues from the world's largest pharma markets of US, UK and Australia. With our integrated portfolio of operations, we remain perfectly poised to add value to the entire value chain, ranging from research to manufacturing and distribution.

We have built a differentiated position in the crowded generics market by focusing on Softgel capsules. Given the challenges in preparing Softgel formulations along with other economic, technical and patent constraints that affect players in this segment, we have carved a niche in this segment to deliver growth year after year. With an aim to further expand our global footprint, we have filed Softgel products in all major markets including US, UK, Europe, Canada, Australia & Russia. The American market itself is valued at around US\$ 9 billion. With 6 new approvals on the way, in US, we expect to improve our revenues significantly in the near future.

Our forward integrated business model is a key driver of success. To sustain growth, we continue to invest in advanced technology to enhance and improve our manufacturing as well as R&D functions, delivering robust automation, equipment integration, manufacturing efficiencies and process consistency. We continue to eye opportunities in the pharma market and endeavour to offer unmatched products to deliver

“  
**Our integrated portfolio of operations, we remain perfectly poised to add value to the entire value chain, ranging from research to manufacturing and distribution.**”

exceptional outcomes in underserved areas. Our constant commitment to reinforce a strong product pipeline and generate sustainable revenues enthruses us to aspire for better prospects.

## ROBUST R&D

To insulate Marksans from competitive pressures and to accelerate our progress, we rely on our robust R&D facilities. With constant investments in product development and pharmaceutical formulations, our R&D team enables us to identify niche areas, in regulated and emerging markets and collaborate with partners to develop drugs that reinforce our presence in the therapeutic segment. In FY 2019-20, expenditure on R&D amounted to ₹8.3 crore and with our team of over 50 talented and experienced scientists, we continue to pursue specialisations for new drug delivery systems and other formulations.

Our newly commissioned state-of-the-art R&D center at Navi Mumbai aims to cater to hitherto unmet therapeutic needs and enhance the Company's responsiveness to file more ANDAs. We constantly look for ways to develop products with minimum investments and low intermediation expenses to further

strengthen our market proposition. Your Company's ability to formulate and market a drug in the shortest possible lead time also offers a critical competitive advantage for us.

As we look forward to upcoming projects and await approvals, we continue to anticipate promising returns banking on our vigorous R&D efforts.

## ACKNOWLEDGEMENT

At Marksans, we remain grateful to our shareholders for their constant trust and faith in our capabilities. I express my gratitude towards each and every stakeholder, for your continued support and constant motivation to scale new peaks of success, year after year. Resting on our strategic interventions and consistent efforts to improvise novel ways of delivering exceptional performances, we remain optimistic about a brighter future and better prospects.

Regards,

**Mark Saldanha**



## Q&A with CFO Jitendra Sharma



**Q The FY 2019-20 is recounted as a challenging year by economists world over. How would you summarise the same for Marksans Pharma?**

The strong financial performance of the Company in FY20 reflects the strength in business model of the company, delivering a robust performance in a challenging economic environment. We registered double-digit growth of 12.9% in our revenues, clocking ₹1,134.5 crores in FY 20. Our efforts towards achieving excellence in operations registered growth of 40.8% in EBITDA, that stood at ₹192.6 crores in FY 20 over the previous year, while a 50.1% growth in net profit was achieved to clock ₹120.8 crores in FY20. The recent adoption of new corporate strategies and review of all operations helped report a positive

headline earning margins, with EBITDA margin strengthening by 336 bps to 17% in FY20, while the net profit margin stood at 10.6% in FY20, growing by 264 bps.

**Q Can you please explain how did we manage to register this aggressive growth in difficult macro-economic scenario?**

The result is a combination of various factors leading to sustained growth delivered again in FY20. With our business model taking shape, a well-managed balance of value and volume across key products and geographies, we are achieving the milestones, both at operational and financial front. We continued to deepen our presence in key markets like the US, UK and Australia, which significantly contributed to higher revenues. The introduction of new products during the year further

strengthened the margins as well as contributed to increase in our market share.

**Q At a time when COVID-19 has halted business operations across the world, how is Marksans positioned to emerge stronger?**

The onset of the ongoing COVID-19 pandemic, which has disrupted operations in every economy, is also expected to have significant impact in the near short-term. Our long-term strategies are now taking shape, both in terms of building an expanded manufacturing base as well as growing our market presence. The integration of our US subsidiary is now complete, with the business on track to achieve its objectives. We have 6 new approvals awaited in the US market, which will drive our financial metrics. Our UK subsidiary continues to deliver stronger



performance, Australia and emerging markets are growing at a steady pace.

Our investments in R&D remain strong, with a vision to offer a balanced and diversified product portfolio. Our focus remains on building a portfolio of value-added drugs that reflect effectiveness of our resource deployment and strengthen our capital efficiency.

During the year, we further incurred capex of approximately ₹59 crores, spread across the facilities in India, USA and UK. We continue to increase capacity at our India plant by putting in new manufacturing lines. We have also invested in creating a robust warehousing infrastructure in the US and UK in FY20. These steps are expected to contribute to support our volumes with limited adjustments in operations, while resulting in growth of operating profits.

### Q How strong are the Company's financials to overcome the short-term challenges due to impact of COVID-19?

The disruption in operations caused by the pandemic has already impacted the demand and supply chain in businesses. At Marksans, we have created a series of ongoing efforts to reduce our procurement costs and improve factory efficiency levels. The company has built a strong and integrated business model, creating a value chain - from state-of-the-art R&D to our manufacturing facilities to our own channels of marketing and distribution.

It gives me pleasure to report that we are now a 'zero' debt company. The investments in our facilities over the extended period has driven significant savings and efficiencies,

reflected in our interest coverage of 22.02x, and resulting in servicing of our long-term debt. Our cash flow from operations remain strong, reflecting our improved quality and efficiency levels.

### Q How do we intend to keep the shareholder value-proposition intact?

Today our business strategies are perfectly aligned to deliver sustainable long-term business value while maximising shareholder value. Building our commitment of shareholder value proposition and our competitive advantages, we are optimistic to strengthen the investment case in our company, ultimately creating shareholder value.

# Taking Strides with Right Portfolio

We have grown to emerge as one of the leading companies on the back of expansive product portfolio spanning multiple therapeutic areas. This ensures that we can capture the growth in multiple products and categories, while reducing the risk of dependence on any single product.

We have established our foothold in diverse therapeutic segments, such as Pain Management, Cardiovascular System (CVS), Cough & Cold, Central Nervous System (CNS), Anti-diabetic, Gastrointestinal, Anti-Allergic, Antibiotics & Oncology.

Our strategy is to offer a wide range of products across multiple therapeutic segments. In the product development process, we ensure that the products are developed in such a manner which meets global regulatory requirements. This has naturally led us to establish one of the most extensive product portfolios among players.



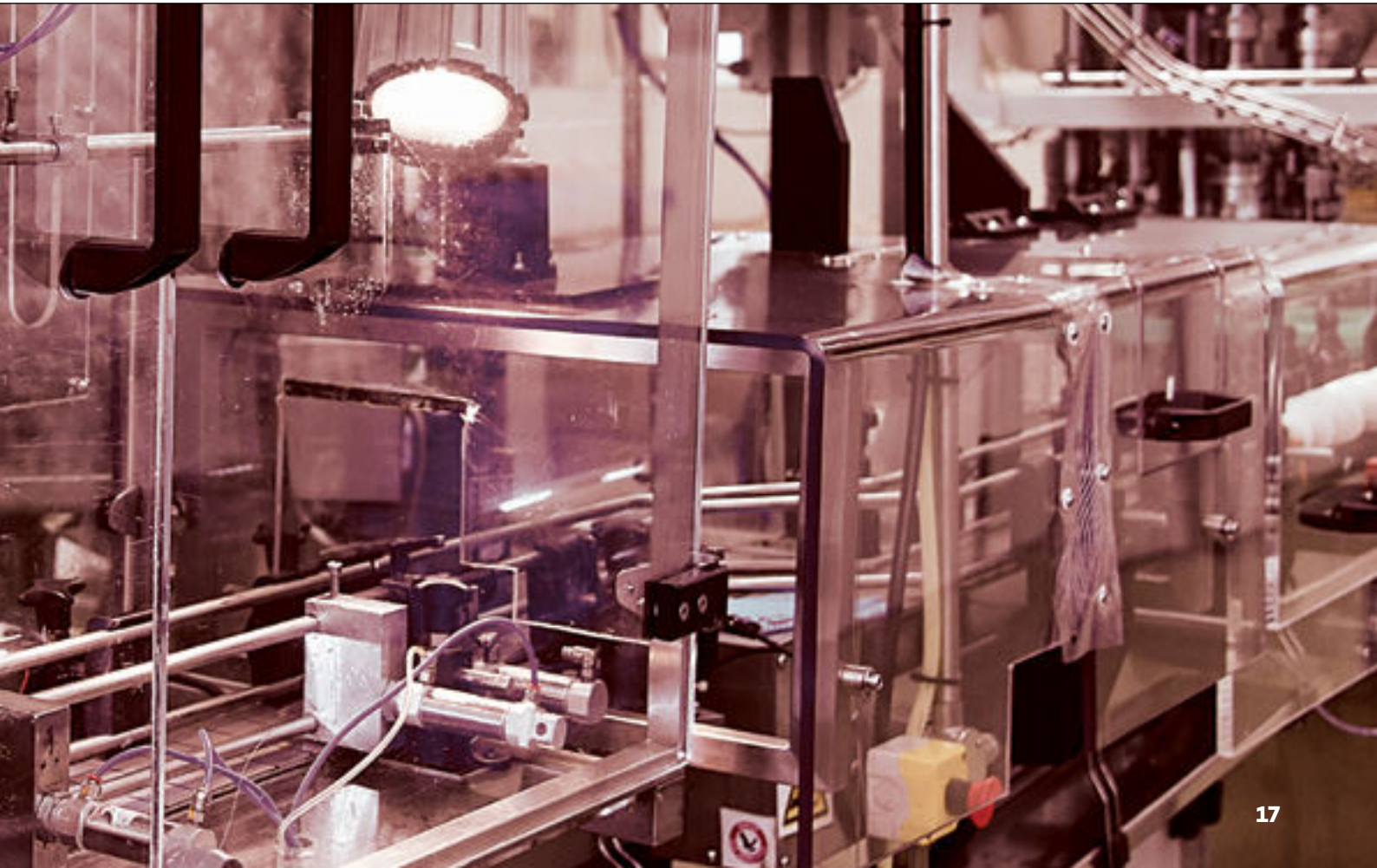
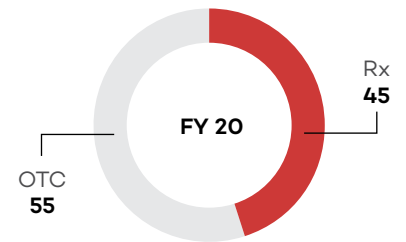
## STRENGTHENING OUR PORTFOLIO

Our diverse product basket has also made us leading generic player in the market we operate. Besides, a diverse portfolio automatically makes us less dependent on any one product or segment.

### Therapeutic areas covered

- ◆ Pain Management
- ◆ Cardiovascular System (CVS)
- ◆ Cough & Cold
- ◆ Central Nervous System (CNS)
- ◆ Anti-diabetic
- ◆ Gastrointestinal
- ◆ Anti-Allergic
- ◆ Antibiotics
- ◆ Miscellaneous

### Product mix (%)



# Mapping Our Global Presence



## THE UK

### Overview

The pharmaceutical market in the UK is projected to grow from USD \$29 billion in 2015 to USD \$43 billion by 2020, registering a CAGR of 8.4%. This growth is primarily driven by a robust life sciences industry.

### Our presence

We feature among the top 5 pharma companies in the UK and our subsidiaries, Relonchem and Bell, our wholly-owned subsidiaries, strengthen our presence in the region. While Bell contributes to an OTC portfolio of 150+ products, Relonchem contributes to a high-end RX portfolio of over 100 products.

### Outlook

We have robust portfolio of 50+ products in the pipeline, at different stages of approval & R&D in the UK market.

₹ **510** Crore

Total Revenue in FY 19-20

**23.5%**

YoY Growth

**45%**

Contribution to total revenues



## THE UNITED STATES

### Overview

The US is one of the largest pharmaceutical markets, contributing to 30-40% of the global pharmaceuticals share. Owing to favourable government programs and policies, the pharmaceutical market in the US is projected to grow at a CAGR of 10.6% between 2019 and 2024, to reach USD 190.4 billion by 2024.

### Our presence

In an effort to expand our offerings in the US, we acquired Time-Cap labs in 2015 and it strengthened our position in the strategic US pharmaceutical markets. Our presence in the soft gel category favourably positions us to drive better margins and our dominance in the OTC as well as RX segment allows us to further extend our offerings in the US market.

### Outlook

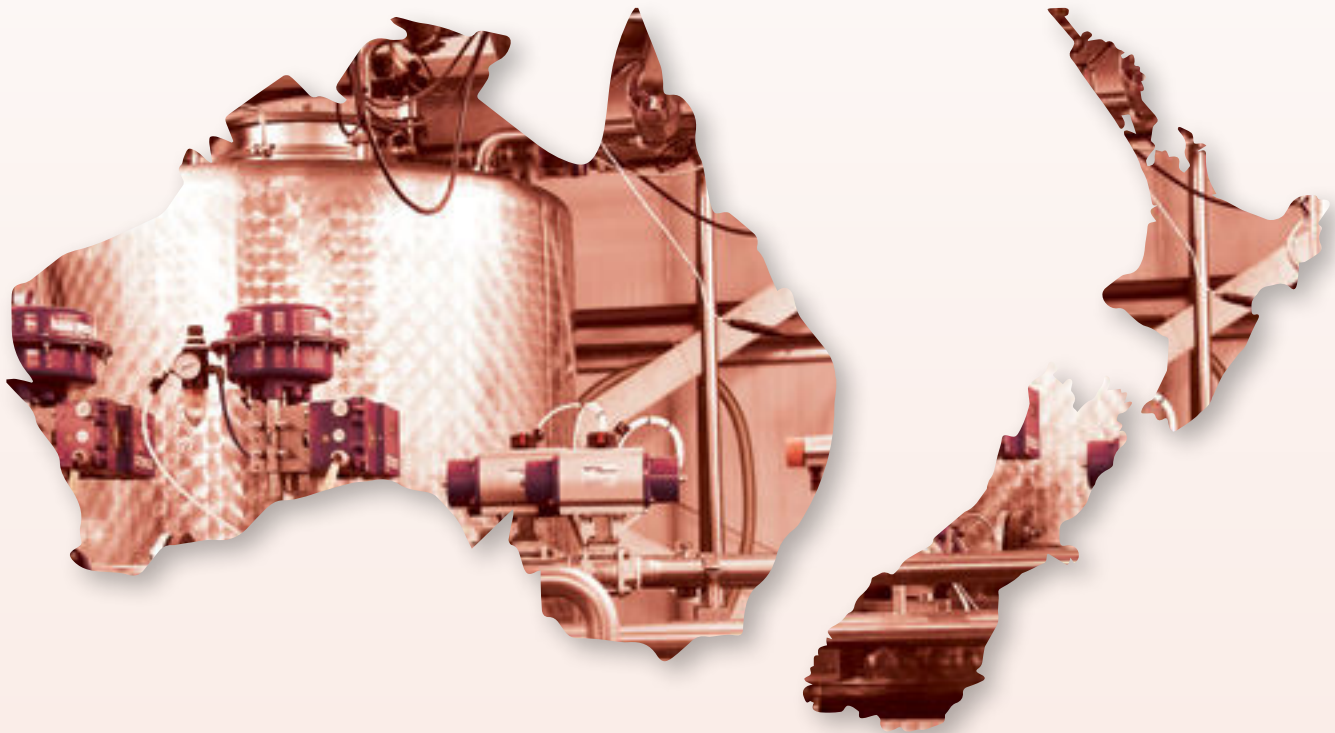
We remain focused on capitalising opportunities in the US pharma space by introducing 4-5 new products to our US portfolio every year.

₹ **436.4** Crore  
Total Revenue in FY 19-20

**6.1%**  
YoY Growth

**38.5%**  
Contribution to  
total revenues

## Mapping Our Global Presence



### AUSTRALIA AND NZ REGION

#### Overview

The pharmaceutical market in Australia is projected to increase to \$25.2 billion by 2020 from >\$22.85 billion in 2016, registering a CAGR of 2%.

#### Our presence

We conduct business operations in Australia and New Zealand through our subsidiary, Nova Pharmaceuticals. Nova Pharmaceuticals is one of the leading generics and private label suppliers in Australia and has partnered with the leading retailers & pharmacies in Australia, like Woolworths Ltd., Coles Mayer Ltd., Aldis, Metcash and Fauldings.

#### Outlook

Looking at the size of the market and the growth opportunity it offers, we are optimistic about our growth in the region.

₹ **140.7** Crore  
Total Revenue in FY 19-20

**17.3%**  
YoY Growth

**12.4%**  
Contribution to  
total revenues



## REST OF THE WORLD

### Overview

After pioneering in the regulated markets, we expanded our presence into emerging countries targeting four major clusters such as South East Asia, Russia and the CIS, Middle East and Africa. In these four clusters, we are focusing on specific countries like Iraq, Kenya, Ukraine, Sri Lanka and Myanmar. We have already started filing for approvals in these countries.

### Outlook

We are strengthening our presence in these target markets and we expect to generate 10% of the total revenue by FY 2021-22.

₹ **47.4** Crore

Total Revenue in FY 19-20

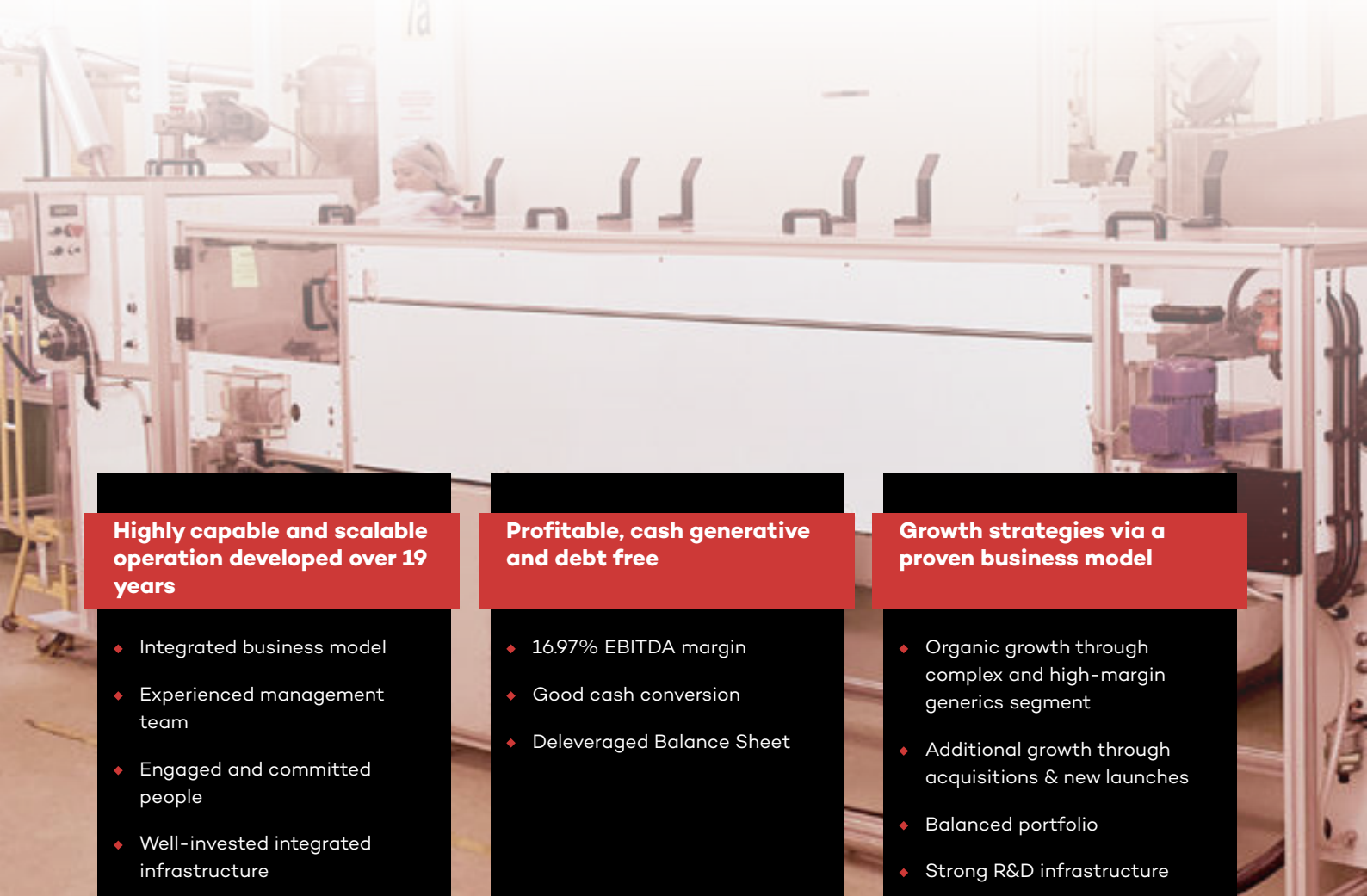
**4.2%**

Contribution to  
total revenues



# Investment Case

A successful pharmaceutical formulations business, operating in a proven business model and offering a significant long-term growth opportunity.



**Highly capable and scalable operation developed over 19 years**

- ◆ Integrated business model
- ◆ Experienced management team
- ◆ Engaged and committed people
- ◆ Well-invested integrated infrastructure

**Profitable, cash generative and debt free**

- ◆ 16.97% EBITDA margin
- ◆ Good cash conversion
- ◆ Deleveraged Balance Sheet

**Growth strategies via a proven business model**

- ◆ Organic growth through complex and high-margin generics segment
- ◆ Additional growth through acquisitions & new launches
- ◆ Balanced portfolio
- ◆ Strong R&D infrastructure

**19**  
Years of operations

**₹ 209.94** Crore  
Operating cash flow (FY 2019-20)

**3**  
Manufacturing facilities

**50+**  
Experienced scientist in the R&D facility

### Additional growth through acquisitions

- ◆ Very experienced team behind M&A – more than 5 deals in 19 years
- ◆ Expertise in sourcing, executing and integrating acquisitions
- ◆ Strong cash generation supports deal flow

# FIVE

Acquisitions to date

### Extensive geographic reach

- ◆ Direct presence in regulated markets like UK, US and Australia & New Zealand
- ◆ Extensive international partnering network reaching over 50 + countries

# 50+

Presence in countries

### Diversified portfolio spreads risk

- ◆ Revenues derive from more than 500 pharmaceutical products spanning multiple therapy areas and geographies

# 500+

Products

# Shaping a Sustainable Future – with Our People

At Marksans, we are defined by our people. We recognise the role of our employees in shaping a sustainable future and therefore, aim to foster a corporate culture that aligns business aspirations with the growth and development of our people.

Our Human Resource (HR) strategy of “Our People, Our Organisation,” defines the aspirations of our human resource and the organisation. We aim to carve policies that cater to every employee and nurture a conducive environment to attract and retain the finest talents from the industry.

As part of our endeavours to inculcate an inclusive work environment, we encourage transparent channels of communication, designed to enable continuous engagement across organisational verticals. It not only promotes an inclusive culture, making way for people from diverse

backgrounds to co-exist and contribute towards organisational growth, but also encourages them to fulfil personal objectives.

## PROMOTING DIVERSITY

# 1150+

Employees across all offices

<b>India</b>	<b>790+</b>
<b>US</b>	<b>150+</b>
<b>UK</b>	<b>180+</b>
<b>Australia</b>	<b>30+</b>

## RECRUITING THE BEST

At Marksans, we do not hire people to fill a vacancy, rather we hire people who contribute actively towards organisational growth. Our employees have a unique opportunity to make meaningful contributions to lives. Therefore, we aim to attract agile and responsive candidates, with a capability to constantly adapt according to evolving circumstances. And while choosing the best, we rely on performance and expertise as key criteria for selection.

## WELCOMING NEW TALENT

All new employees follow a formal induction program during the first few months of their job. It not only enables them to seamlessly transition to their new roles but, also helps to inculcate organisational values, ethics and policies.

## LEARNING & DEVELOPMENT

Our learning and development initiatives are designed to align individual aspirations with business objectives. The training programs offer an ideal blend of e-learning and classroom sessions to enhance skillsets and foster professional development. With different types of programs focused on various job roles, managers play a crucial role in guiding and grooming their teams during training sessions.

**At Marksans, our Learning & Development team aims to achieve the following objectives –**

- ◆ Develop employee skills and competencies to enhance performance.
- ◆ Increase awareness and implication of various rules and regulations governing the industry

- ◆ Groom people to take on higher responsibilities and new challenges.
- ◆ Prepare people for new assignments.
- ◆ Prioritise effectiveness of training

**Some of the training programs offered during the year include –**

- ◆ Safety and OSHA training
- ◆ SAP (ERP) training
- ◆ Department SOP Training
- ◆ cGMP
- ◆ GMP (Good Manufacturing Practices), GDP (Good Documentation Practices), & Data Integrity training

# 56+

Average Training Hours per Employee

# 100%

Employees covered under the training program

## CREATING AN ENGAGED WORKFORCE

The pride, passion and commitment of our people are essential for our success. We focus on incubating an environment where our people feel a strong connect with the organisation and are motivated to

deliver to the best of their abilities. To fulfil these objectives, we strive to continuously engage our people and encourage innovation, accountability, and business outperformance. We place great emphasis on building

and nurturing an engaged and performance driven workforce, to display attitudes and expertise to meet the challenges of tomorrow.



# Consistently Committed to Inclusive Growth

At Marksans, we believe the blueprint for building a successful company revolves around endeavours that allow businesses to grow and flourish while still being committing to a higher purpose. We understand that caring about people, realising the impact of our actions and making healthy profits are not mutually exclusive ideas.

Therefore, we aspire to enable change in each of these areas, to foster inclusive growth for people as well as communities

In FY 2019-20, we concentrated on these ideas to grow and further develop our CSR program to incorporate an integrated approach focused on driving positive changes around us. We focused

on articulating, solidifying, and maintaining a corporate culture based on performance with a purpose.

As we work towards a higher purpose of creating a more sustainable world, we will continue to focus on our CSR approach to enhance value for stakeholders across verticals. As we grow, we remain committed to work

with our employees, our community and our industry to further integrate corporate social responsibility into our everyday business.

We understand our responsibility towards the society, community & environment and remain dedicated to meet our CSR objectives through the following initiatives.

## CHERISH LIFE INDIA FOUNDATION

We supported Cherish Life India Foundation to provide medical treatment and comprehensive cancer care to the underprivileged. With our contribution and Cherish Life India Foundation's partnership with a government municipal hospital, a 20 bedded Paediatric Haematology Oncology ward was set up to enable access to the highest standards of care and treatment for children suffering from cancer in Maharashtra and other parts of the country.

**100+**

Children received treatment

## SRI SATHYA SAI MOBILE MEDICARE PROJECT

We partnered with Sri Sathya Sai Mobile Medicare Project to provide free medicines, primary and preventive medical aid to the underserved segments of society. With a fleet of over 50 mobile medical vans, we reached out to nearly 55 lakh patients in 27 districts of Maharashtra and Goa.

**5 Lakh**

Beneficiaries

**50+**

Medical mobile vans

## SUPPORT FOR GOVERNMENT INITIATIVES

In our continued endeavour to fulfil our CSR objectives in the area of women and child development, we aligned with the Ministry of Health, Government of Goa to support the national nutrition mission in Goa, professionalising Anganwadis. Additionally, we provided fire extinguishing equipment to the fire department in Goa.

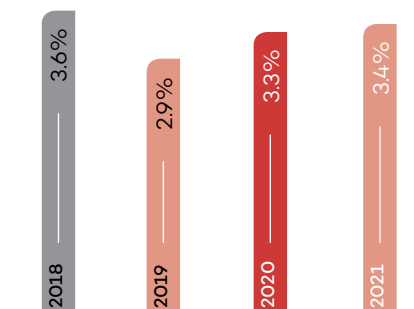
# Management Discussion and Analysis

## Global economy

Plagued by prolonged trade conflicts and policy uncertainties, the global economy recorded 2.9% growth in 2019. Trade volumes dramatically slowed in recent years and global growth and economic activities weakened considerably in 2019, in sharp contrast to the 21st century average of about 3.4% per annum. Trade wars, geopolitical tensions, and idiosyncratic stress in some of the key emerging economies, including weakening growth in China led to the negative impact. In many parts of the world, the manufacturing sector was hovering close to recession margins and it adversely impacted global growth. In response, central banks relaxed monetary policy with some countries (notably China and the United States) providing additional stimulus to the economy.

Intense social unrest in many countries presented new challenges, while natural calamities such as hurricanes in the Caribbean, drought and bushfires in Australia, floods in eastern Africa, and drought in

### Global economic growth



(Source: <https://www.cnbc.com/2020/01/21/davos-2020-imf-forecasts-for-the-global-economy-in-5-charts.html>)

southern Africa impacted the global economy significantly.

However, towards the end of 2019, market sentiment was boosted by tentative signs of manufacturing and global trade bottoming out. A shift toward accommodative monetary policy, intermittent favourable news on US-China trade negotiations, and diminishing fears of a no-deal Brexit led to some retreat from the risk-off environment. Based on these positive sentiments, global economic growth is likely to improve slightly in 2020-2021 and is expected to grow at 3.3% and 3.4%, respectively.

## United States



Although recession fears hovered over the US economy for most part of 2019, it showed remarkable resilience and grew at 2.3% in 2019. Buoyed by a strong labour market, the US economy showcased strong economic growth in 2019 against a backdrop of weak business sentiment. Further, increased hiring and rising wages have resulted in improved consumer spending, which accounted for more than two-thirds of the US economy. The stock market also rose steadily throughout the year, boosting household income and allowing people to spend more. However, a neutral fiscal stance and waning support from a further loosening of financial conditions are likely to hold back the economic growth in 2020. Hence, the US economy is expected to grow at 2% in 2020 and decline further to 1.7% in 2021.

## Eurozone



Headwinds from international trade, the ongoing uncertainty surrounding Brexit and a recession in the manufacturing sector affected the Eurozone economy significantly as it grew at its lowest rate since 2013. In 2019, it recorded growth of 1.4% in comparison to 2.3% in 2018. Trade uncertainty and a weakening global scenario is likely to restrain exports and hit investment and industrial activity. Moreover, cooling employment growth and higher savings are set to constrain household spending. Political uncertainty, impact of the coronavirus pandemic, US - EU trade tensions and Brexit pose major downside risks.

Although GDP growth is slowing in the region, it remains positive, owing to strong private consumption, led mainly by the labour market. Employment and consumption growth have accelerated in a synchronised way, over the last few years. The Eurozone reached record numbers of employment. As many as 5 million new jobs were created since 2017 and unemployment fell to 7.4% in September 2019 compared to 9.5% in 2017. At the same time, inflation has been very low, while disposable income is growing. Driven by strong labour markets, private consumption is likely to be the main economic growth driver in 2020. Growth is therefore, likely to rebound to 1.8% in 2020. Transitioning into a new economic relationship, the UK economy ended 2019 in stagnation

owing to pressure from long-term Brexit uncertainty, mounting business costs and a global economic slowdown. Expected to grow at 1.2% in 2019, UK's economic growth is anticipated to stabilise at 1.4% in 2020 and firm up to 1.5% in 2021.

**Russia**



After a weak performance in the first half of 2019, helped by monetary easing, faster public spending, and one-off effects, economic growth in Russia picked up in the third quarter of 2019. Consequently, the economy is expected to grow at 1.2% in 2019, 1.6% in 2020; and 1.8% in 2021. A less restrictive monetary policy and increased spending on national projects are expected to help foster growth.

**Japan**



Expected to have grown at 1% in 2019, the Japanese economy is recovering at a moderate pace mainly due to healthy private consumption and robust capital expenditure by the government. Business investment and exports have been weakened by the trade war between the United States and China, but consumer spending has been relatively strong. Business hiring has also slowed down as a consequence of weakness in investment and exports, negatively impacting household spending. However, owing to the fading impact of the fiscal stimulus, growth is expected to slow down to 0.7% in 2020 and further reduce to 0.5% in 2021.

**Emerging and developing economies of Asia**



Growth in this region is estimated to have decelerated to 5.6% in 2019 from the previously forecasted 5.9%. However, it still achieved the highest regional growth rates in the world. The growth markdown was largely because of the downward revision to India's GDP growth projection, where domestic demand has slowed more sharply than expected amid stress in the nonbank financial sector, subdued consumption, increasing unemployment, and a decline in credit growth. Estimated to have grown at 4.8% in 2019, India's GDP is likely to improve in 2020 to grow at 5.8% in 2020 and 6.5% in 2021, supported by monetary and fiscal stimulus as well as subdued oil prices. The world's second-largest economy, China, grew 6.1% in 2019, the slowest in 29 years, but still within the government's expectation of 6 - 6.5% growth. China's growth in 2019 was considerably affected by the trade war with US, which brought down exports and weakened sentiment and confidence, while weighing down investment in manufacturing. China's trade surplus with the U.S. shrank in 2019 after multiple rounds of U.S. tariffs on Chinese goods. Facing sluggish demand at home and abroad and escalating U.S. trade pressure, Chinese policymakers have been rolling out a stream of growth-boosting measures over the past couple of years, while trying to contain financial and debt risks. Unresolved disputes on broader US-China economic relations as well as much needed domestic financial regulatory stimulus is expected to continue to weigh on China's economic activity. Therefore,

economic growth is likely to slow down to 6.0% in 2020 and 5.8% in 2021. After slowing to 4.7% in 2019, growth in ASEAN-5 countries is projected to remain stable in 2020, before picking up in 2021. Growth prospects have been slightly revised for Indonesia and Thailand, where continued weakness in exports is weighing on domestic demand.

**Global pharma industry**

Innovative technologies and cheaper and efficient manufacturing techniques have resulted in a massive overhaul in the global pharmaceutical landscape in recent years. Increasing socio-demographic changes, rising demand for cheaper medicines, and trade liberalisation is likely to sustain its growth over the next decade. Further, with the effective utilisation of AI, data analytics, and machine learning, the industry saw dramatic improvements in in-patient care. 2019 was a bustling year for the drug industry, marked by acquisitions, substantial investment in promising technologies, and a steady stream of new drug approvals.

Fuelled by a growing ageing population in key markets, the global pharmaceutical industry is expected to grow at 3% to 6% to reach USD 1.57 trillion by 2023. M&A in the pharma industry remained vibrant throughout 2019, with some of the big pharma companies acquiring small and mid-sized companies to utilise their innovative capabilities and elevate their position in a highly competitive environment.

**1.57** trillion

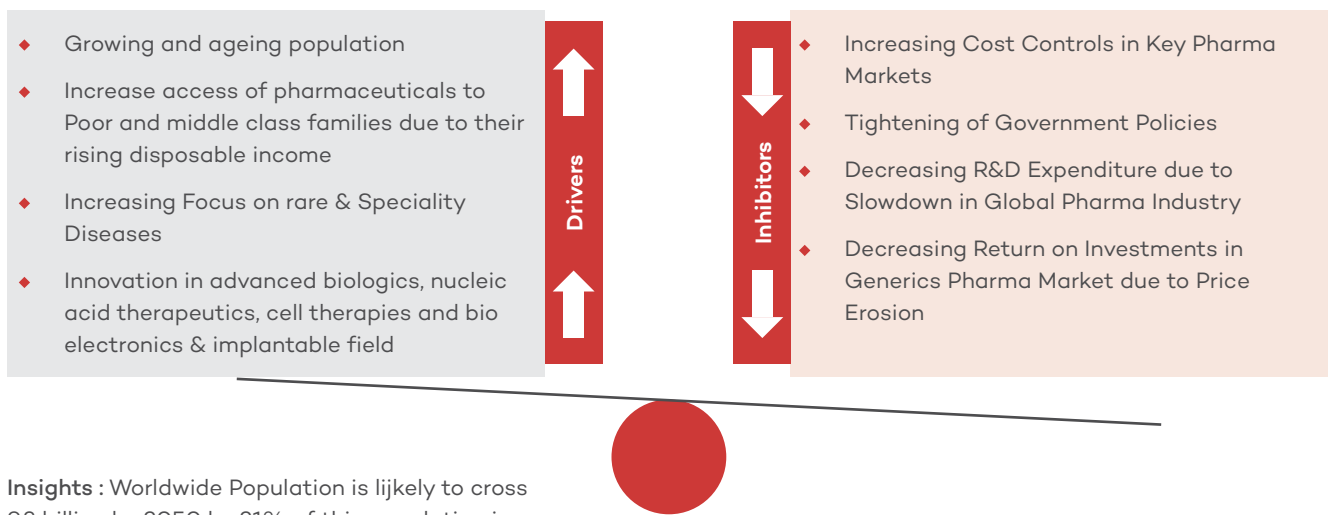
Projected global pharmaceutical industry size by 2023

### Major trends observed in the global pharma industry

- ◆ Expansion of biosimilar markets
- ◆ Utilising big data and AI for preventive/predictive measures
- ◆ Growing preference for precision medicine
- ◆ Increased focus on drug-manufacturing quality
- ◆ Focus on market solutions to reduce healthcare costs
- ◆ Manufacturing innovation to improve cost-efficiency
- ◆ A shift in focus from treatment to prevention

### Growth drivers and inhibitors for the global pharmaceutical industry

#### Growth Drivers and Inhibitors:



**Insights :** Worldwide Population is likely to cross 9.3 billion by 2050 by 21% of this population is expected to be aged 60 and above.

### OTHER FACTORS AIDING GROWTH

**Demographics:** Improving standard of living, together with demographic and epidemiological trends, will drive demand for pharmaceuticals in all Pharmerging markets. An ageing population and a rapid rise of non-communicable diseases (NCDs) will also lead to growth in this segment. Growing resources will be focused on the control and prevention of NCDs, especially CVS, cancer, and diabetes.

**Innovation:** Innovative products and emerging pipeline products will be a key driver of growth in the developed pharmaceutical markets, where it has been historically launched first. Specialty, orphan, biologic and oncology products will represent an increasing proportion of these drugs and consequently, the price per patient is likely to edge progressively higher.

**Access:** To cope with rising demand, driven by demographic and epidemiological trends, governments of most South-East & East Asian countries will continue to seek expansion of their national health insurance schemes further, driving up spending on healthcare in the region.



### Global generics drug market

Primarily driven by a significant increase in cardiometabolic risk factors among the masses, the global generic drug market is expected to have reached US\$ 367 billion in 2019, registering a CAGR of 5.7% during 2014-2019. Enhanced usage of technology and effective utilisation of data analytics has resulted in increased demand for curable and generic medicines from emerging economies. Increasing prevalence of hypertension, diabetes, dyslipidemia, metabolic syndrome, and obesity, mostly a result of sedentary lifestyles, changing dietary patterns, and stress, has resulted in an increase in the uptake of generic medicines, thereby facilitating growth of the market. Further, the high costs linked with medication for several chronic and lifestyle diseases have increased the consumer inclination toward affordable variants, thereby boosting the demand for generic

drugs. Moreover, the patent expiration of key blockbuster drugs, coupled with numerous favorable initiatives undertaken by governments of various countries, to promote the use of generic drugs, is expected to drive the growth momentum of the industry. Several regulatory bodies

are conducting rigorous reviews to ensure optimal standards during the manufacturing process. On account of the aforementioned factors, the market is anticipated to reach a value of US\$ 497 billion by 2025, growing at a CAGR of 5.2% during 2020-2025.

### Key forces shaping generic medicine access in emerging markets

Growing patient demand for access to health care and innovative treatments	Economic slowdown limits expansion of subsidised drug programs
Expansion of public health care programs over the past decade	Growth in public reimbursement programs puts pressure on medicine's prices and drives greater prescribing controls
Inclusion of innovative medicines in some subsidised medicines program	Inadequate funding limits prescribing of innovative brands include on reimbursed drug lists.

### Rising importance of Biologics

Falling under the umbrella of therapeutic products of a biological origin, biologics have opened new avenues in the field of generics. Extracted and made from living cells, animal, or microbial elements instead of chemically synthesised products, biologics are more complex compounds than traditional drugs and have a complicated development process.

With more than 350 biologics commercially available, the global biologics market is expected to reach US\$ 625.6 million by 2026 after growing at a CAGR of 11.9%.

The success of biologic drugs in the treatment of major chronic diseases, notably cancer and autoimmune diseases, has garnered the interest of big pharmaceutical companies and attracted substantial investment in these products. The biologics market is majorly driven by growing capital investment from key market players, prevalence of chronic diseases and loss of patent exclusivity of leading biologic drugs, growing demand and higher acceptability for innovative therapies. Biologics have various potential advantages as they can, theoretically, be customised to hit specific 'gene targets' but the high cost can prove to be a hindrance.

### Digital innovation transforming Global pharma industry

Digital innovations such as blockchain, cloud-computing, virtual health, AI and robotics, digital reality, the Internet of Medical Things (IoMT), and others are helping reshape the future by making health care delivery more efficient and more accessible.

Major advances in wireless technology, miniaturisation, and computing power are fueling an exponential increase in the pace and scale with which digital healthcare innovations are emerging and impacting both clinical and business operations. These advances are also driving the belief that "being digital" is the new necessity for all healthcare organisations.

**Global generic drug market is expected to have reached US\$ 367 billion in 2019**

### How is Digital Helping ?

- ◆ Diagnosis & treatment
  - ◆ Quality
  - ◆ Speed & accuracy
  - ◆ Accelerating the development of new drugs and services
  - ◆ Personalisation
- ◆ self-service
  - ◆ patient experience
  - ◆ training

Digital innovation is supporting and augmenting workers. It is allowing highly trained resources to focus on more valuable, patient-facing activities. It is also supporting efforts to transition to new models of patient-care and “smart health” approaches to drive innovation, increase access and affordability, improve quality, and lower costs.

### Indian economy review

One of the fastest-growing economies in the world, until recently, India recorded below 6% GDP growth on a y-o-y basis for the 1st time in 7 years. During the 1st quarter of FY20, India recorded a near 5% growth, the slowest since the fourth quarter of FY13. Three of the four growth engines such as private consumption, private investment, and exports have slowed down significantly. Consumption, the biggest contributor to India's growth till date, fell to an 18-quarter low of 3.1% in Q1 FY20, pointing towards fragile consumer sentiment and purchasing ability.

Private consumption is one of the major factors to have impacted India's GDP growth. Private consumption which contributes nearly 60% to India's GDP, is estimated to have grown at just 5.7% in 2019-20 compared to 8.1% in the previous fiscal. On the industry side, several core sectors including auto, real estate, and manufacturing were in deep waters for a major part of FY20. The auto sector in 2019 witnessed its worst decline in auto sales, in more than two decades. Manufacturing is expected to have grown at just 2% in 2019-20, the lowest growth rate in nearly 15 years, compared to 6.9% in 2018-19. Exports grew at just 5.7% and have remained volatile owing to global uncertainties around trade and investments and geopolitical tensions. The fourth

engine, government consumption and investment is running out of steam owing to the limited elbow room for counter-cyclical spending, as the budget deficit remains under pressure.

# 4.2%

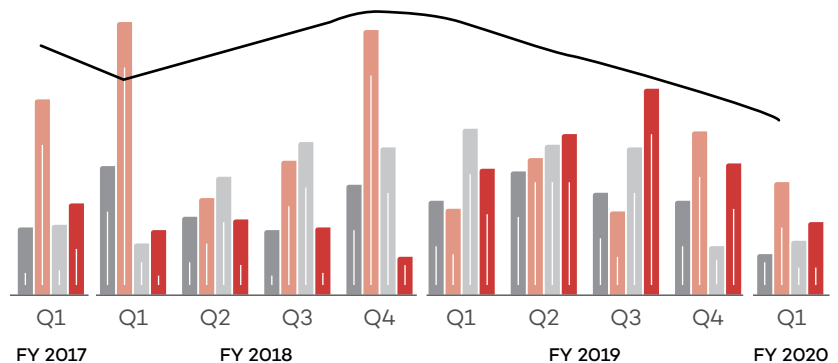
India's GDP growth in FY20

#### India's GDP growth impacted by sluggish demand

- Private consumption
- Government consumption
- GDP, RHS
- Total fixed investment
- Exports, goods & services

Growth in domestic demand (in real value)

Y-o-Y  
Percentage



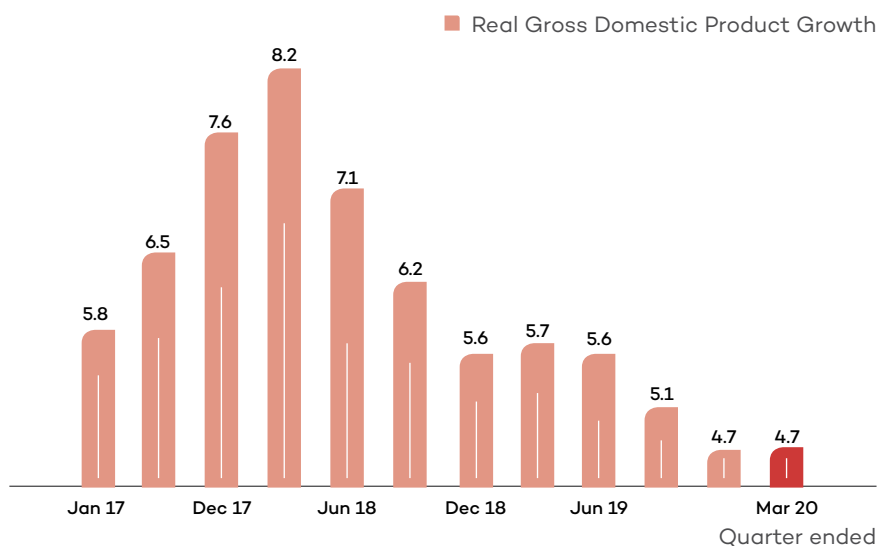
(Source: <https://www2.deloitte.com/us/en/insights/economy/asia-pacific/india-economic-outlook.html>)

The slowdown is mainly due to sluggish demand. Several internal factors like stagnating rural wages, tightening lending conditions (due to the ailing health of financial institutions), and rising unemployment have contributed to low demand for goods and services.

Additionally, structural factors have also contributed to the sluggishness. These include changing consumer preferences due to a rising proportion of millennials in the consumer segment and rapid technological innovations that are transforming demand patterns.

**India's macroeconomic performance**

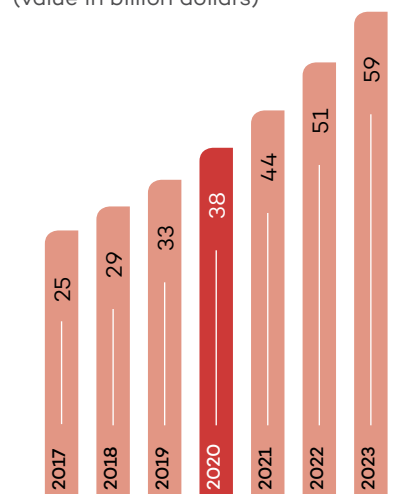
GDP growth tumbles down



(Source: <https://economicoutlook.cmie.com/>)

**Value of the Indian Retail Pharmaceutical Market**

(value in billion dollars)



(Source: <https://www.raconteur.net/healthcare/india-pharmaceutical-industry>)

**Overview of the Indian pharmaceutical market**

Marked by several internal and external challenges, the India pharmaceutical sector showed remarkable resilience by recording stable growth, when the majority of the sectors were impacted by the slowdown. Backed by factors like rebound in domestic growth and stable growth in chronic therapies, the Indian pharmaceutical industry's growth remained stable at 12.2%

during the first half of FY20. Growing at around 9% - 11%, the overall Indian pharmaceutical industry is likely to touch US\$ 41.9 billion in FY20. On the domestic front, the pharma industry is expected to reach US\$ 20.4 - US\$ 20.8 billion during FY20, after growing at around 12%.

In terms of export, the Indian pharma industry is likely to touch US\$ 21.1 billion in FY20 after growing at around 8% - 10%. Nourished by increasing spending, improving

accessibility, and growing exports, India's pharma and healthcare sector is poised for another year of robust growth even as pricing and cost headwinds could force players to pause and catch a breath. The next leg of export growth for the Indian pharma industry is likely to be driven by the growing presence of Indian companies in large and traditionally underpenetrated markets of Japan, China, Africa, Indonesia, and Latin America.

The Indian pharmaceutical industry has some unique qualities that allows it to stand out from the rest.

- ◆ India has the highest number of US-FDA compliant plants outside the US.
- ◆ Branded generics dominate the Indian market, accounting for nearly 70% to 80% of the retail market.
- ◆ Owing to low-cost formulation development capabilities

and early investments, local players enjoy a dominant position.

- ◆ Drug prices are relatively lower, driven by intense competition.
- ◆ Bio-Pharma is the largest sector contributing to 62% of the total revenue.

Aided by these unique characteristics, the Indian pharmaceutical industry ranks 10th globally, in terms of value and 3rd in terms of volume. Further, India is the largest vaccine producer in the world. The Indian pharmaceutical industry today provides employment to more than 2.7 million people, both directly and indirectly.

### Key drivers of growth

India's growing population is likely to enhance the patient pool to 20% by 2020.

Rising affordability owing to sustained growth in incomes and increase in insurance coverage will augment affordability.

Accessibility to drugs and healthcare facilities is likely to grow with increased investment in medical infrastructure, new business models for Tier-II towns and rural areas, launch of patented products, and greater government spending on healthcare.

Non-traditional business models are likely to provide greater access in Tier-II and rural areas, helping reduce the gap in per capita spends on pharmaceuticals, between rural and urban areas.

Increased acceptability of modern medicine and newer therapies owing to aggressive market creation by players, an increased acceptance of biologics and preventive medicine, and a greater propensity to self-medicate.

Going beyond generics with an increased focus on biologics, new drug development, and next-generation innovative products

Expertise in low cost generic patented drugs and a movement towards end-to-end manufacturing

Launch of the National Health Protection Scheme, the largest government-funded healthcare program globally, as well as an economic growth-driven increase in healthcare spending

Strong growth in the US market by driving higher ANDA share in molecules going off-patent, and potential ease in price erosion

Increased growth in large underpenetrated markets such as Japan and China

## Opportunities and challenges of the Indian pharmaceutical industry

### Opportunities



**Government-sponsored health coverage programs:** The Ayushman Bharat Yojana (central government's National Health Protection program) is estimated to benefit 10 crore vulnerable families (~40 percent of India's population). Aimed at providing access to affordable healthcare facilities to poorer households through health insurance, this provides a great opportunity for companies to widen their footprint.

**Growing focus on chronic diseases:** India's disease burden is slowly transitioning towards chronic diseases. Therefore, there is an increasing demand for specialised drugs that treat these diseases. These drugs are currently more expensive than acute drugs and presents an opportunity to the Indian companies that address these needs with affordable yet high-quality specialty drugs.

**Opportunities in newer product classes such as biosimilars, gene therapy, and specialty drugs:** Large scale production of generic drugs have been one of the main reasons for the success of the Indian pharmaceutical industry. But, the Indian pharmaceutical industry was one of the first to initiate and launch biosimilar development in the Indian market. However, the successful development of these next-generation drugs such as

**Opportunities (contd..)**

gene therapy and specialty drugs, on a large scale, is still limited. With the government’s focus on these drugs, fostering a favourable environment for its development can spur innovation in these product classes and usher in the next leg of growth for the Indian pharmaceutical industry.

**Leveraging the patent cliff:**

Patents for branded molecules with cumulative global sales worth over US\$ 251 billion are expected to expire between 2018 and 2024. This presents a sea of opportunity for the Indian generics players, given an increased Abbreviated

New Drug Application (ANDA) share and faster time-to-market.

**Exploring the underpenetrated markets:**

With the Indian pharmaceutical industry aspiring to become the world’s largest exporter of medicine by volume, the next wave of growth could come from increasing exports to large and traditionally underpenetrated markets such as Japan, China, Africa, Indonesia, and Latin America. Case-in-point: Indian pharmaceutical companies account for less than one percent of the Japanese pharma market. Government interventions and enhanced trade-relations support

can help the Indian pharma companies gain easy market access in these markets.

**Public health sector to offer meaningful opportunities:**

The public health segment comprises of direct government purchases from pharmaceutical companies. This segment in India is still at a very nascent stage. But with an increased government focus on the public healthcare sector and improved budgetary allocation, this sector is expected to grow substantially in the years ahead. Therefore, it can provide an ocean of opportunity to Indian pharma companies.

**Challenges** 

**India still lacks universal healthcare access:**

Considering its current population, access to healthcare facilities in India is still inadequate. About 29 skilled health workers are available for every 10,000 people in India compared to about 41 in China, and about 111 in the United States. Although India meets WHO’s critical threshold of about 23 skilled professionals for every 10,000 people, it still needs to add ~1.5 million healthcare professionals, a 42% increase, to meet the basic healthcare needs of the population. This is extremely essential for a 'healthy' India and a thriving healthcare ecosystem in the country.

**Lack of a stable pricing and policy environment:**

Frequent and unexpected changes to domestic pricing policy and other healthcare policies are likely to

create an uncertain environment. This is harmful to the Indian pharma industry as the investor community may shy away from investing in companies, which in turn may hamper innovation and research processes in Indian companies. The government and other stakeholders need to constructively engage to develop a framework that gives confidence to the investor community. This can ensure availability and accessibility of affordable drugs, while ensuring a workable pricing structure for pharmaceutical companies.

**Dependence on external markets for intermediates and Active Pharmaceutical Ingredients (APIs):**

Lion’s share of India’s requirements for intermediates and APIs, by volume, are fulfilled by countries such as China. This exposes the Indian companies to high-risk

supply disruptions and unexpected price fluctuations. India is unable to seize the API opportunity due to inadequate infrastructural facilities like uninterrupted water and electricity supply, lack of scale in ‘Special Economic Zones and limited governmental support in the form of tax incentives, favourable license renewals, and capital subsidies.

**Excessive dependence on one geography:**

The export of generic drugs, specifically to the US, is one of the key factors contributing to the double-digit growth of top Indian pharmaceutical companies. However, in recent times growth in the US market has been moderate, largely owing to price erosion and higher competition in key molecules. This poses a higher risk to Indian pharma companies as the US accounts for a third of the total exports.

## Outlook

Despite the gloomy economic scenario in India, the pharmaceutical sector is expected to hold on to its growth. Enhanced access to medicines in the domestic market, rising per capita healthcare spending,

increasing penetration of health insurance, and a higher instance of chronic diseases is likely to drive growth for the Indian pharmaceutical industry in the years ahead. Further, impetus to the Indian pharmaceutical industry is likely to be provided by the government's Ayushman

Bharat Yojana, the world's biggest health scheme, launched in 2018. Buoyed by these factors, the Indian pharmaceutical industry is expected to hold on to this growth trajectory and is likely to grow at 10 - 12% till FY22.

## Operational Review

### Revenue

Standalone turnover of the Company increased from ₹42,416.02 Lakh in 2018-19 to ₹43,341.50 Lakh in 2019-20 i.e. increased by 2.18%. This growth has been driven by strong performance of exports to USA & North America, UK, Australia & New Zealand and Rest of World.

### Cost of sales

Cost of sales increased to ₹24,303.24 Lakh in 2019-20 from ₹23,633.97 Lakh in 2018-19 on account of increase in sales.

### Other expenses

Other expenses decreased from ₹7,816.04 Lakh in 2018-19 to ₹7,038.75 Lakh in 2019-20 i.e. decreased by 9.94% due to cost optimisation and better controls.

### Depreciation and amortisation expenses

Depreciation and amortisation expenses provision increased from ₹868.72 Lakh in 2018-19 to ₹1,164.42 Lakh in 2019-20 i.e. increased by 34.04% due to increased CAPEX.

### Finance cost

Finance cost increased from ₹656.22 Lakh in 2018-19 to ₹729.17 Lakh in 2019-20 i.e. increased by 11.12% due to increase in bank charges.

### Reserves and Surplus

Reserves & Surplus is ₹46,469.39 Lakh in 2019-20 compared to ₹42,964.30 Lakh in 2018-19 i.e. increased by 8.16% due to profits in current year.

### Short-term borrowings

Short-term borrowings reduced to Nil in 2019-20 from ₹7,732.70 Lakh in 2018-19 i.e. decreased by 100% due to better cash generation and optimisation of working capital cycle.

### Trade payables

Trade payables increased to ₹5,082.57 Lakh in 2019-20 from ₹3,722.56 Lakh in 2018-19 i.e. increased by 36.53% due to higher purchases.

### Other Current Financial Liabilities

Other current financial liabilities increased to ₹ 768.26 Lakh in 2019-20 from ₹733.68 Lakh in 2018-19 i.e. increased by 4.71%.

### Property, Plant and Equipments

The Company's tangible assets increased to ₹10,041.01 Lakh in 2019-20 from ₹9,718.62 Lakh in 2018-19 i.e. increased by 3.32% due to addition to fixed assets during the year.

### Intangible assets

During 2019-20, the Company's intangible assets increased to ₹1,477.23 Lakh from ₹542.73 Lakh in 2018-19 due to acquisition of licenses during the year.

### Other non-current financial assets

Other non-current financial assets increased to ₹204.77 Lakh in 2019-20 from ₹129.20 Lakh in 2018-19.

### Inventories

Inventories increased to ₹ 7,460.21 Lakh in 2019-20 from ₹7,036.37 Lakh in 2018-19 i.e. increased by 6.02% mainly to support the increase in sale of formulation.

### Trade receivables

Trade receivables decreased to ₹16,186.88 Lakh in 2019-20 from ₹17,782.97 Lakh in 2018-19 due to better realisation from customers.

### Other current assets

Other current assets reduced to ₹62.03 Lakh in 2019-20 from ₹ 714.36 Lakh in 2018-19.

### Cash and cash equivalents

Cash and cash equivalents increased to ₹335.23 Lakh in 2019-20 from ₹180.00 Lakh in 2018-19.

**Geographic performance review**

**United Kingdom**

₹ **510.0** crore  
Total revenue

**23.5%**  
Y-o-y growth

**45.0%**  
Contribution to total revenue

**Overview**

The largest contributors to Marksans's revenue mix consist of Bell (OTC portfolio) and Relonchem (high-end Rx portfolio), the two subsidiaries which conduct the Company's business in the UK. With more than 150 products in its OTC portfolio and 200+ marketing authorisations, the Company has marketed its presence across diverse therapeutic segments. Further, the Company established a strong foothold in the European market and has a strong presence in the Rx formulations space with

more than 100 products in the high-end Rx portfolio. One of the top-10 Indian pharma companies in the UK, the Company also provides contract manufacturing and research services to some of the top pharmaceutical companies in the EU region. Partnering with major retailers in UK including AAH, Lyods, NHS, Tesco, Asda, Morrisons, Coop, Boots and Superdrug, among others, the Company addresses therapeutic segments across pain management, diabetes, cough and cold, neurology, cardiovascular, and hormonal treatment.

**Overview and outlook of the UK economy**

Economy size	Per capita income	Per capita health expenditure
Fifth-largest US\$ 2.83 trillion	US\$ 42,385	US\$ 4,070*

\* in 2018

The healthcare industry in the UK has served a growing and progressively healthier population for decades. In an era of unparalleled technological advances, Britain is the largest biotech cluster outside the US and one of the top three globally. Valued

at around £70 billion (in terms of annual turnover), export accounts for nearly £30 billion, indicating an increased demand for international supply of British life science goods and services.

**The United States**

₹ **436.4** crore  
Total revenue

**6.1%**  
Y-o-y growth

**38.5%**  
Contribution to total revenue

**Overview**

Present in the US's niche soft gel market, the US represents the second largest market in the Company's revenue mix. With a presence in US since 2015, the Company today supplies more than 20 products

to the US market. With a strong marketing presence, supported by a widespread distribution network, the company's products are available across the US. The Company is amongst the few active Indian companies that have a USFDA approval for generic soft gel

capsules. Therefore, the Company enjoys a strategic advantage in the world's largest market and limited competition in the region, resulting in higher margins in the soft gelatin capsules segment in the US generic business.

## Overview and outlook of the US economy

Economy size	Per capita income	Per capita health expenditure
Largest US\$ 21.44 trillion	US\$ 67,43 thousand	US\$ 10,586*

\* in 2018

The US pharmaceutical industry continues to lead its global peers in terms of innovation and competitiveness, while still ranking

high in overall growth potential. With more than 15% of the US population above 65 years of age, the US pharma industry is expected

to reach USD 685.45 billion by 2023. Expected to hold its position, the US pharma market is expected to account for ~43.72% of the global pharmaceuticals market. Ageing population, increasing affordability, greater focus on curing rare and specialty diseases, innovation in advanced biologics, and better utilisation of patient data is likely to drive sustained growth in the US pharma market.

## Australia and New Zealand

₹ **140.7** crore  
Total revenue

**17.3%**  
Y-o-y growth

**12.4%**  
Contribution to total revenue

## Overview

Over the years, the company has marked its presence in Australia and New Zealand's pharmaceutical market, the third-largest contributor to Marksans's revenue mix. The Company carries out its regular business operations through its Australian subsidiary Nova

Pharmaceuticals. A research-driven specialty pharmaceuticals company, Nova Pharmaceuticals was acquired by Marksans in 2005. One of the leading generics and private label suppliers, Nova holds 30 MAs and has become one of the biggest suppliers of generic products in Australasia while rapidly expanding into key therapeutic classes.

## Overview and outlook of the Australian and New Zealand's economy

	Economy size	Per capita income	Per capita health expenditure
Australia	Fourteenth-largest US\$ 1.42 trillion	US\$ 55,306	US\$ 4,543
New Zealand	US\$ 305 billion#	US\$ 42,067	-

\* in 2018

#As of September 2019

**Australia's pharma industry:** Despite the recent challenges faced by the Australian pharma industry, the outlook for the pharmaceutical industry in Australia is positive. Revenue is forecast to grow by 5.1% over the next five years, reaching \$40.1 billion by 2024. Pharmaceutical retailers are expected to grow substantially, adding 300 more establishments during the same period. An ageing population and an increasingly health-conscious society is driving demand for pharmaceutical goods and services.

**New Zealand's pharma industry:** Spending on medicines and healthcare in New Zealand has witnessed steady growth since 2017, reflecting strong potential for new medicine development, infrastructure building and new entry/expansion opportunities. Both Pharmaceutical sales and consumption are on the rise and the outlook for 2025 remains robust, driven by strong pharmaceutical market fundamentals.



**Rest of the world**

₹ **47.4** crore  
Total revenue

**-21.3%**  
Y-o-y growth

**4.2%**  
Contribution to total revenue

**Overview**

With a strong presence in some of the major and most regulated pharma markets across the world,

the company widened its global presence by entering the emerging economies. With a prime focus on four major clusters, the Company has marked its presence in a number of

other countries such as South East Asia, Russia and the CIS, Middle East and Africa. In these four clusters, it is targeting specific countries like Ukraine, Sri Lanka and Myanmar

**Outlook**

The Company plans to further strengthen its presence in these countries and venture into geographies that remain under-penetrated. The Company intends to garner more than 10% of its overall revenue from these countries by 2022.

that determines our ability to implement this strategy lies in the innovative capacities of our people. As Marksans adapts to reflect trends in society and healthcare, our human resources strategy has evolved to anticipate these changes. Our strategic priorities in human resources include attracting, developing and retaining people with diverse skills; ensuring our people are aligned with the evolving structure of the organisation, and shaping a culture based on our core values that enable the company to fulfill its purpose.

At Marksans Pharma, we seek to provide a supportive and enabling work environment that encourages our employees to embrace challenges and realise their full potential. Employee engagement is nurtured and enhanced through communication and the creation of cross-functional teams. The Company also brings in eminent individuals and professionals to conduct training programs in management and technical skills. The employee count stood at 1150 across facilities as on March 31, 2020.

**Human resources**

Innovation and technological advances are at the core of our company, and a critical factor

**Financial review**

Particulars	FY20	FY19	% Change	Reason
Debtor's Turnover (days)	68	65	4.62	Debtors turnover ratio increased from 65 days to 68 days during the year due to increase in overall sales
Inventory Turnover (days)	179	187	(4.28)	Inventory turnover ratio reduced by 8 days due to optimisation of inventory levels
Interest Coverage Ratio	22.02	14.16	55.51	Interest coverage ratio increased from 14.16 times to 22.02 times due to increase in profits and reduction in debt levels
Current Ratio	2.69	2.28	17.98	Current ratio improved from 2.28 to 2.69 due to reduction in current liabilities and better generation on cash during the year
Debt Equity Ratio	-0.12	0.12	(196.24)	The company became debt free as of 31.3.2020
Operating Profit Margin (%)	16.97	13.61	24.69	Operating profit margin improved due to better product mix and improved operating leverage
PAT Margin (%)	10.64	8.01	32.94	PAT margin improved due to improved operating leverage.
RoE (%) (on Cash Profit)	18.60	14.55	27.84	ROE was 18.60% due to improved margins
RoCE (%) (on Cash Profit)	24.50	19.96	22.75	ROCE increased from 19.96% to 24.5% during the year due to improved margins
Cash Profit Margin (%)	12.66	9.88	28.14	Cash profit margin improved from 9.88% to 12.66% during the year
RoNW	18.40	14.09	30.59	RoNW increased from 14.09% to 18.40% during the year

## Risk management at Marksans Pharma

### Industry risk



A slowdown in the pharma industry may negatively impact the company's performance.

The global pharma industry is expected to grow at 3% to 6% over the next few years.

Ageing global population, improved standard of living, and innovation makes medicines cheaper, and is likely to drive demand in the pharma industry

Indian pharma industry is likely to grow at 10% - 12% over the next couple of years.

### Regulatory risk



Any change in regulation might dent the growth of the Company as it can impact production

Every product manufactured by the Company is passed through extensive R&D checks and stringent quality control tests as per international norms.

All manufacturing units of the company conform to the guidelines issued by different regulatory bodies across the world.

The Company regularly invests in plant automation which helps to meet regulatory compliances efficiently.

### Technology risk



Obsolete technology may hamper the company's performance and erode market advantage

The pharmaceutical industry is a technology and research driven industry. The company's management values data security, automation of operations and technological advancement in the industry. The Company therefore continues to invest in state-of-the-art technologies, R&D and laboratory infrastructure to build its manufacturing and innovation capabilities. It maintains close ties with leading global companies and organisations to remain updated on the changes taking place in the industry.

### Geographical risk



Presence in one market or dependence on one region could result in stagnant revenues

The Company has a business presence in more than 50 countries across the world including countries like the USA and UK.

The Company entered 5+ new countries in the last 5 years.

Two of the biggest pharma markets in the world i.e. the USA and the UK account for only 83.5% of the Company's revenue.

### Competition risk



The Company operates in a competitive environment and, as such, may experience increased competition that could adversely affect the Company's sales, operating margins and market share.

The Company has a continued focus on its operating performance from manufacturing to R&D to distribution to ensure that it continues to service the needs of its clients efficiently and in a timely manner.

### Foreign currency risk



The Company is exposed to foreign currency risk arising primarily due to its business presence in a number of foreign countries.

Foreign exchange rate exposures are managed by the Company by utilising forward foreign exchange contracts.

The Company enters into forward foreign exchange contracts to manage the risk associated with anticipated future business transactions denominated in foreign currencies.

### Internal control systems and their adequacy

The internal control and risk management system are structured and applied in accordance with the principles and criteria established in the corporate governance code of the organisation. It is an integral part of the general organisational structure of the Company and involves personnel who act in a coordinated manner while executing their respective responsibilities. The Board of Directors offers its guidance and strategic supervision to the Executive Directors and management, monitoring and support committees. The control

and risk committee and the head of the audit department work under the supervision of the Board-appointed Statutory Auditors. The system is under constant review by the Chairman, Managing Director, COO, CFO, and a few others, which allows discrepancies to be noted immediately and suitable actions taken in case of lapses.

### Cautionary statement

This statement made in this section describes the Company's objectives, projections, expectations, and estimations which may be 'forward-looking statements' within the

meaning of applicable securities laws and regulations. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised by the Company. The actual result could differ materially from those expressed in the statement or implied due to the influence of external factors which are beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent developments.

# Directors' Report

Dear Shareholders,

The Directors take pleasure in presenting the **Twenty Eighth (28th)** Annual Reports along with the financial statements for the year ended 31st March 2020.

## FINANCIAL HIGHLIGHTS

(₹ in Lakh)

Particulars	2019-20	2018-19
Turnover	43,341.50	42,416.02
Profit before Depreciation & Amortisation expenses, Non-recurring expenses and Tax expenses	6,437.12	6,469.84
<b>Less:</b> Depreciation & Amortisation Expenses	1,164.42	868.72
Non-recurring expenses	-	-
Tax expenses	1,482.36	1,239.37
Profit after Tax	3,790.34	4,361.75

## OPERATIONS/STATE OF AFFAIRS OF THE COMPANY

During the year 2019-20, your Company achieved turnover of ₹43,341.50 Lakh with net profit of ₹3,790.34 Lakh as compared to turnover of ₹42,416.02 Lakh with net profit of ₹4,361.75 Lakh in the previous year.

On consolidated basis, your Company achieved turnover of ₹1,13,420.90 Lakh with net profit of ₹12,075.27 Lakh as compared to turnover of ₹1,00,006.92 Lakh with net profit of ₹8,043.71 Lakh in the previous year. During the year, US and North America Formulation business reported growth of 6.1%, Australia and New Zealand formulation business reported growth of 17.3% and Europe and UK formulation business reported growth of 23.5%.

In compliance with the Ind AS on Consolidated Financial Statements, this Annual Report also includes Consolidated Financial Statements for the financial year under review.

## DIVIDEND

Your Directors have recommended a Dividend, subject to approval of the Members at the ensuing Annual General Meeting, of ₹0.10/- (10%) per equity share of ₹1/- each and dividend of ₹7/- (7%) per preference share of ₹100/- each for the financial year ended 31st March, 2020. Total cash outflow on account of dividend payment will be ₹4,44.31 Lakh for the financial year ended 31st March, 2020. The Dividend will be paid in compliance with applicable regulations. Company's policy on the Dividend Distribution is available on the Company's website [www.marksanspharma.com](http://www.marksanspharma.com).

## SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

- Performance of Marksans Pharma (UK) Limited, through step down subsidiaries Bell, Sons & Co. (Druggists) Limited and Relonchem Limited which operates in the European markets, has been satisfactory considering the prevailing market scenario. The Directors foresee growth in the coming years.
- Marksans Pharma Inc., through step down subsidiary Time-Cap Laboratories Inc. which operates mainly in US and North America, has achieved sales of ₹41,989.40 Lakh as compared to sales of ₹41,146.66 Lakh during previous year.
- Performance of Nova Pharmaceuticals Australasia Pty Ltd. (your company holds 60% of the share capital) which operates mainly in Australia and New Zealand has registered satisfactory growth.

Pursuant to a Central Government's Circular dated 8th February, 2011, the audited accounts together with Directors' Report and Auditors' Report of the subsidiaries namely Marksans Pharma (U.K.) Limited, Marksans Pharma Inc. and Nova Pharmaceuticals Australasia Pty Limited are not being appended to the Annual Report. However, a statement giving information in aggregate for each subsidiary including step down subsidiaries are attached to the Consolidated Balance Sheet. Statement on the highlight of performance of subsidiary companies and their contribution to the overall performance of the company are given in Note No. 41(a) of the consolidated financial statements and forms part of this report.

Your Company has no Joint Ventures and Associate Companies.

## MANAGEMENT DISCUSSION AND ANALYSIS

A report on Management Discussion and Analysis covering industry structure and developments, financial and operational performance of the Company, risks, concerns, opportunities, threats and outlook forms a part of this Report.

## RESERVES

Your Company has not transferred any amount out of the profit of the year to the General Reserve.

## SHARE CAPITAL

During the year under review, there was no change in the Equity Share Capital of the Company. However, the company has redeemed 500,000 7% Redeemable Cumulative Preference Shares of ₹100 each at par during the year. Consequently, Issued, Subscribed and Paid-up Preference Share Capital has reduced from 10,00,000 Preference Shares of ₹100/- each to 500,000 Preference Shares of ₹100/- each.

During the year under review, the Company has neither issued any equity shares with differential rights as to dividend, voting or otherwise nor issued ESOP or sweat equity shares to Directors or employees, under any Scheme.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

Your Company's Board comprises of 6 (Six) Directors, of which 3 (Three) are Non-Executives Independent and 3 (Three) Directors are Executives.

### a. Appointment / resignations of Directors:

During the year under review, Mr. Seetharama Raju Buddharaju (DIN: 03630668) has been re-appointed as Independent Director for a further term of 5 (Five) consecutive years with effect from 1st April, 2020 subject to approval of the shareholders at the ensuing AGM.

Mr. Varddhman Vikramaditya Jain (DIN: 08338573) was appointed as a Director to fill up the casual vacancy caused by resignation of Dr. Vinay Gopal Nayak. As such term of office of Mr. Varddhman Vikramaditya Jain will expire at the ensuing Annual General Meeting as Dr. Vinay Gopal Nayak would have vacated the

office if he had not resigned. Notice under Section 160 of the Companies Act, 2013 has been received from a member signifying his intention to propose Mr. Varddhman Vikramaditya Jain (DIN: 08338573) as a candidate for the office of Director of the Company together with necessary deposits. Accordingly, the Directors recommend Mr. Varddhman Vikramaditya Jain to the shareholders for appointment as a Director of the Company liable to retire by rotation.

The tenure of Mr. Mark Saldanha (DIN: 00020983), Managing Director and Mrs. Sandra Saldanha (DIN: 00021023), Whole-time Director will come to end on 5th October, 2020 and 24th September, 2020, respectively. The Board of Directors has re-appointed them for a further period of five and three years respectively, subject to approval of the shareholders at the ensuing AGM.

### b. Retirement of Director by rotation:

In terms of Section 152 of the Companies Act, 2013, Mrs. Sandra Saldanha (DIN: 00021023) will retire by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

### c. Appointment / resignation of Key Managerial Personnel:

During the year under review, there is no change in the Key Managerial Personnel of the Company.

## NUMBER OF MEETINGS OF THE BOARD

During the financial year 2019-20, the Board met 7 (Seven) times on 17.04.2019, 29.05.2019, 11.07.2019, 09.08.2019, 04.10.2019, 12.11.2019 and 11.02.2019.

## POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION

Your Company has in place a policy relating to nomination and remuneration of directors as well as key managerial personnel and other employees formulated by the Nomination and Remuneration Committee. The Nomination and Remuneration Policy, inter alia, provides for the following:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director in terms of Diversity Policy of the Board and recommend to the Board his / her appointment.
2. For the appointment of KMP (other than Managing / Whole-time Director) or Senior Management, a person should possess adequate qualification, expertise and

experience for the position he / she is considered for the appointment. For administrative convenience, the Managing Director is authorised to identify and appoint a suitable person for the position of KMP (other than Managing / Whole-time Director) and Senior Management.

3. The remuneration / compensation / commission, etc., as the case may be, to the Managing / Whole-time Director is determined by the Nomination and Remuneration Committee and recommended to the Board for approval. Such remuneration / compensation / commission, etc., as the case may be, is subject to approval of the shareholders of the Company and is in accordance with the provisions of the Companies Act, 2013 and Rules made thereunder. Remuneration of KMP (other than Managing / Whole-time Director) and Senior Management is decided by the Managing Director based on the standard market practice and prevailing HR policies of the Company.
4. The remuneration / commission / sitting fees, as the case may be, to the Non-Executive / Independent Director, is in accordance with the provisions of the Companies Act, 2013 and the Rules made thereunder for the time being in force or as may be decided by the Committee / Board / shareholders.
5. An Independent Director is not entitled to stock option of the Company.

### **EVALUATION OF PERFORMANCE OF BOARD, COMMITTEE AND DIRECTORS**

Performance evaluation of the Board as a whole, the Committees of Directors and all individual Directors including Independent Directors has been carried out for the year under review in accordance with the criteria framed pursuant to the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Guidance Notes issued by SEBI.

#### **Performance Evaluation of each individual director including independent director**

A questionnaire containing performance evaluation criteria was circulated to each Director including Independent Directors. The Directors filled-up the questionnaire pertaining to other Directors (except for himself/herself) and submitted the same to the Chairman of the Board for review.

The Nomination and Remuneration Committee also carried out performance evaluation of each director of the Company for the year 2019-20. The evaluation of

each director was done by all the other directors (other than the director being evaluated) in accordance with the performance criteria suggested by the Committee and applicable SEBI Guidance Note.

#### **Performance Evaluation of the Board and Committees of Directors**

The Board reviewed a questionnaire containing performance criteria for the Board and the Committees of Directors. For the evaluation, the Board took into consideration composition of the Board and Committees of Directors, frequency of the meetings, attendance of each directors at the Board and respective Committee Meetings, discharge of key functions and responsibilities prescribed under law, effectiveness of corporate governance practices in the Company, integrity of the Company's accounting/auditing and financial reporting/control systems, etc.

All the independent directors of your Company also had a separate meeting without the attendance of executive directors and management personnel and reviewed the performance of the Board of Directors as a whole, the Chairman of the Board and the executive non-independent directors during the year 2019-20. The independent directors have also reviewed the quality, quantity and timeliness of flow of information between the Company management and the directors that was necessary for the directors to effectively and reasonably perform their duties.

The results of the above performance evaluations are satisfactory and adequate and meet the requirement of the Company.

### **DECLARATION FROM INDEPENDENT DIRECTORS**

The Company has received necessary declaration from all the Independent Directors confirming that they meet the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013 read with Schedule IV of the Act and rules made thereunder, as well as Regulations 16(1)(b) of the Listing regulations. The Independent Directors also confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties. In the opinion of the Board, the independent directors fulfilled the conditions specified in the above Act and Regulations and are independent of the management.

### **FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS**

The Company conducts Familiarisation Programme for Independent Directors to enable them to understand their roles, rights and responsibilities and proactively keeps them informed of the activities of the Company, its management and operations and provides an overall industry perspective

as well as issues being faced by the industry. Company's policy on the familiarisation program for the independent directors as well as details of familiarisation programmes imparted during the year is available on the Company's website at [www.marksanspharma.com](http://www.marksanspharma.com).

### COMMITTEES OF THE COMPANY

Currently, the Company has five committees; The Audit Committee, The Nomination and Remuneration Committee, The Stakeholders' Relationship Committee, The Corporate Social Responsibility Committee and The Risk Management Committee. Details of the composition of these committees are given in the Corporate Governance Report section of this Annual Report.

### POLICIES AND CODES

Your Company always strives to promote and follow the highest level of ethical standards in all its business transactions. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandated formulation of certain policies and codes for all listed companies. All the policies adopted by your Company are available on the website at [www.marksanspharma.com](http://www.marksanspharma.com). These policies and codes are reviewed periodically by the Board and updated based on need and new compliance requirement. Key policies and codes that have been adopted by the Company are as follows:

Name of the Policy and Code	Brief Description
Code of Conduct for Directors & Employees	The Code envisages directors and employees of the Company to observe in day to day operations of the Company
Code of Conduct to Regulate, Monitor and Report Trading in Securities	The Code provides framework for dealing with securities of the Company by directors and employees of the Company
Policy on Related Party Transactions	The Policy regulates all transactions between the Company and its related parties
Corporate Social Responsibility (CSR) Policy	The Policy outlines Company's strategy to bring about a positive impact on society
Whistle Blower Policy (Vigil Mechanism)	The Policy provides for directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's codes of conduct and ethics
Code of Practice and Procedure for Fair Disclosure of Unpublished Price Sensitive Information	The Code envisages fair disclosure of events and occurrences that could impact price discovery in the market for the Company's securities.
Dividend Distribution Policy	The Policy envisages criteria for distribution of dividend.
Nomination and Remuneration Policy	Policy provided for criteria for appointment and remuneration of Directors and Employees of the Company.

### DEPOSITS

During the year under review, the Company has not accepted any deposit within the meaning of Sections 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014 and therefore, there are no deposits which are outstanding as on the date of the Balance Sheet.

### LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, are given in the notes to the Standalone Financial Statements of the Company.

### RESEARCH AND DEVELOPMENT (R&D)

Your Company is committed to continuously fund its R&D capabilities. One of the Company's biggest strength lies in vibrant and productive R&D function that has continuously placed your Company ahead through consistent development of niche technology, processes and products. Your Company will continue to invest in R&D to keep pace with the changing domestic and global scenario.

Your Company has a Research & Development Centre at Navi Mumbai, Maharashtra to foray into new segments, respond to globally unmet therapeutic needs, enhance the Company's opportunity responsiveness and file a larger number of ANDAs.

## REGULATORY COMPLIANCES

Your Company's facilities in UK and USA are approved by UK MHRA and US FDA respectively. The Goa facility has also gone through successful GMP audit by US FDA, UK MHRA and Australian TGA Authorities.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo as required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is annexed to this report as Annexure - A.

## INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has in place adequate system of internal control and management information systems which covers all financial and operating functions. These systems are designed in a manner which provides assurance with regard to maintenance of strict accounting control, optimum efficiency in operations and utilisation of resources as well as financial reporting, protection of Company's tangible and intangible assets and compliance with policies, applicable laws, rules and regulations. Your Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. The Audit Committee has a process for timely check for compliance with the operating systems, accounting procedures and policies. Major risks identified by the Company are systematically addressed through mitigating action on continuing basis.

## INFORMATION TECHNOLOGY

Your Company continues to make required investments in the Information Technology area to cope up with the growing information needs necessary to manage operations efficiently. Your Company has implemented state-of-the-art IT applications in automating the processes in Quality, Manufacturing and R & D. Your Company has also invested significant amount of resources to build IT platform to de-risk manufacturing process and to adopt best practices in the industry. The implementations spread across Lab automation, instrument integration and manufacturing execution systems. Your Company's virtually every aspect of the business operations is carried out through SAP (Systems Applications and Products in Data Processing) Enterprise Resource Planning.

## HEALTH, SAFETY & ENVIRONMENT

Your Company is committed to ensure Safety and sound Health of the employees at the work place. Your Company is also committed to strengthen pollution prevention and waste management practices for a safe and healthy environment. The Company's Plants are environment regulations compliant.

## RELATED PARTY TRANSACTIONS

Your Company has not entered into any transaction during the year with any related parties which are not at arm's length basis. Further your Company has not entered into any material transaction with any related parties during the year.

All Related Party Transactions (with the subsidiaries) that were entered into during the financial year were in the ordinary course of business on arm's length basis and repetitive in nature. These transactions were placed before the Audit Committee for information and entered in the Register maintained under Section 189 of the Companies Act, 2013. The Audit Committee has granted omnibus (ad hoc) approval for Related Party Transactions as per the provisions and restrictions contained in the policy framed under Regulation 23 of the SEBI (LODR) Regulations, 2015. Company's Policy on Related Party Transactions is available on the Company's website [www.marksanspharma.com](http://www.marksanspharma.com). Particulars of related party transactions entered into during the FY 2019-20 have been disclosed under Note No. 38 of the Notes to the Financial Statement.

## WHISTLE BLOWER POLICY/VIGIL MECHANISM

Your Company has in place a Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. Under the policy, an effective vigil mechanism for directors and employees has been established to report their genuine concerns, actual or suspected fraud or violation of the Company's codes of conduct. The details of establishment of the Whistle-Blower Policy have been disclosed on the website of the Company at [www.marksanspharma.com](http://www.marksanspharma.com).

The said mechanism also provides for adequate safeguards against victimisation of the persons who use such mechanism and makes provision for direct access to the chairperson of the Audit Committee. During the financial year 2019-20, no employee of the Company was denied access to the Audit Committee and there were no instances of any unethical behavior, actual or suspicious fraud or violation in the Company's operational policies.



## **RISK MANAGEMENT SYSTEM**

Your directors are aware of the risks associated with the Company's business. Your Company makes timely and regular analyses of various risks associated with the Company's business and takes corrective actions for managing/mitigating the same. Your Company has institutionalised the policy/process for identifying, minimising and mitigating risks under the supervision of the Risk Management Committee of the Company. The key risks and mitigation measures are also reviewed by the Audit Committee. There is no element of risk which in the opinion of the Board may threaten the existence of the Company.

## **CORPORATE SOCIAL RESPONSIBILITY**

Your company understands its responsibility towards the society, community and environment and committed to spend sensibly to meet its CSR objectives.

### **Ministry of Health, Government of Goa**

Your company is contributing financial aid to the Ministry of Health, Government of Goa in its endeavour to fulfill its CSR objectives in the area of women and child development, professionalising Anganwadis and national nutrition mission in Goa.

Your Company has also provided fire extinguishing equipments to the fire department, Government of Goa.

### **Cherish Life India Foundation**

Your company is contributing financial aid to Cherish Life India Foundation. Cherish Life India Foundation is an NGO that provides medical treatment and comprehensive care for the under privileged and marginalised sections of the society suffering from cancer and other blood disorders. Cherish Life India Foundation has partnered with a government municipal hospital Lokmanya Tilak Medical College and General Hospital, (commonly known as Sion Hospital) with a focus on Paediatric Haematology Oncology. Cherish Life India Foundation has developed a 20 bedded Paediatric Haematology Oncology ward for providing highest standards of care and treatment to the most needy children suffering from cancer from across the state of Maharashtra and other parts of the country.

### **Sri Sathya Sai Mobile Medicare Project**

Your company is providing free medicines to Sri Sathya Sai Mobile Medicare Project. Sri Sathya sai Mobile Medicare Project, with a fleet of over 50 mobile medical vans has been providing primary and preventive medical aid to the needy and backward segment of society totally free of cost. Since

inception nearly 55 lakhs patients, spread over 27 districts of Maharashtra and Goa, have benefited immensely due to the quality healthcare provided to them at their doorstep.

The particulars required to be disclosed pursuant to the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in **Annexure – B** annexed to this Report.

## **DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

Your Company is fully committed to uphold and maintain dignity of women working in the Company and has zero tolerance towards any actions which may fall under the ambit of sexual harassment at work place. The Company has in place a Prevention of Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committees have been set up in compliance with provisions relating to the constitution of Internal Complaints Committee under the said Act to redress complaints regarding sexual harassment at Mumbai office, Goa plant and R & D Centre at Navi Mumbai. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the year under review, the Company has not received any complaints related to sexual harassment at any of the locations and the necessary annual report has been submitted to the competent authority in this regard.

## **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS**

There are no orders passed by the Regulators/Courts/tribunal which would impact the going concern status of the Company and its future operations. During the year under review, securities of the Company were not suspended from trading in the stock exchanges in which they are listed.

## **CHANGE IN THE NATURE OF BUSINESS**

During the year under review, there is no change in the nature of Business of the Company.

## **MATERIAL CHANGES & COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY**

There have been no material changes and commitments, affecting the financial position of the Company between the end of the financial year of the Company to which the financial statements relate and the date of this Report.

## CORPORATE GOVERNANCE

Corporate Governance is an ethical business process to create and enhance value of stakeholders and reputation of an organisation. Your directors function as trustee of the shareholders and ensure long term economic value for its stakeholders. Pursuant to Schedule V of SEBI (LODR) Regulations, 2015, a detailed report on Corporate Governance and a certificate from the Auditors regarding compliance with the conditions of Corporate Governance is annexed to this report as **Annexure - C**.

## EXTRACT OF ANNUAL RETURN

In accordance with the requirements of Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in Form MGT- 9 is annexed to this report as **Annexure - D**.

## EMPLOYEES

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of 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 annexed to this report as **Annexure - E**.

The statement showing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this report as **Annexure - F**.

## HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATIONS

The guiding principle of HR Policy at your Company is that the "Intellectual Capital" and dedication of employees will help the Company emerge as a successful player in this highly competitive scenario.

The recruitment procedure ensures that people with talent and the right skill sets are selected. Nurturing of talent and a Performance Management System (PMS) is in place to ensure that the coordinated efforts of our people lead to achievement of the Business Goals of the company.

Empowerment and a motivational package ensure that employees keep performing at peak levels. The HR Policy is directed towards creating "Ownership of Goals" at each level and synchronising the efforts of all employees to achieve the company's quality and business goals.

Development of skills through mentoring and training by our seasoned professionals ensures that the talent pool keeps expanding. The Leadership Role played by our senior professionals helps to keep the next rung of leadership ready to take up the challenges thrown up by the global market.

The management helps the process of decision making by decentralising and empowering professionals to execute tasks in a speedy manner. The management fosters information sharing and free exchange of ideas. Above all, the sense of ownership and empowerment to take decisions helps the Company to adapt and be ahead of the competition in this rapidly changing global environment.

The industrial relation at all the plant sites of your Company is cordial.

As on 31st March, 2020, the Company's permanent employee strength was 790 (728 as on 31st March, 2019).

## DIRECTORS RESPONSIBILITY STATEMENT

In terms of provisions of Section 134(3)(c) of the Companies Act, 2013, your Directors confirm that:

- ◆ in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ◆ 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 at the end of the financial year ended 31st March, 2020 and Profit of the Company for the period ended 31st March, 2020;
- ◆ proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- ◆ the annual accounts have been prepared on a going concern basis;
- ◆ proper internal finance controls were in place and that the financial controls were adequate and were operating effectively;
- ◆ they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## AUDIT & AUDITORS

### Statutory Audit:

M/s. Bhuta Shah & Co. LLP, Chartered Accountants (Firm Registration No. W100100) were appointed as Statutory Auditors of the Company at the 26th Annual General Meeting held on Thursday, 27th September, 2018 for a term of five (5) years i.e. till the conclusion of the 31st Annual General Meeting of the Company.

The Auditor's reports for the financial year 2019-20 do not contain any qualification, reservation or adverse remark.

### Secretarial Audit:

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Board of Directors has appointed Ms. Khushboo Chinal Shah, a Practicing Company Secretary (Membership No. 29194, Certificate of Practice No. 10560) as Secretarial Auditor to undertake Secretarial Audit of the Company for the financial year 2019-20. The report of the Secretarial Auditor is annexed to this report as **Annexure - G**. There are no qualifications, reservation or adverse remark made by the auditor in her report except three observations which are self explanatory.

### Cost Audit:

The Company has maintained the cost accounts and cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013. However your Company is a 100% export oriented unit and therefore, it is exempted from audit of its cost accounting records.

### Reporting of Frauds:

There was no instance of any fraud during the year under review which required the Statutory Auditors to report to the Audit Committee or the Board under Section 143(12) of Act and Rules framed thereunder.

### 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.

### APPRECIATION:

The directors place on record their appreciation for the contribution made by the employees at all levels enabling the Company to achieve the performance during the year under review.

The directors also appreciate the valuable co-operation and continued support extended by Company's Bankers, Medical Professionals, Business Associates and Investors who have put their faith in the Company.

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

**Mark Saldanha**

Mumbai  
Dated: 4th August, 2020

Chairman & Managing Director  
DIN: 00020983

# Annexure - A

## Annexure to the Report of the Board of Directors

### Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014.

#### A. Conservation of Energy

##### a) Energy Conservation measures taken:

The Company continues with its policy of giving priority to energy conservation measures including regular review of energy generation and consumption and effective control on utilisation of energy.

The following energy conservation methods were implemented during the year.

- Intensified internal audit aimed at detecting wastage and leakage of utility Circuits.
- Scheduled production to avoid usage of diesel during "Weekly Power Shutdown".
- Optimisation of Agro Waste Fired Boilers.
- Optimisation in use of cooling water pumps.
- Use of energy efficient pumps and motors.
- Chemical dosing of cooling/chilling water system.
- Installed energy efficient motors for chilling plant compressors.
- Cold insulation ducting and HVAC system are regularly checked and sections redone.

- Conducted compressed air audit.
- Optimised air compressor pressure.

##### b) Additional investments:

- Continuously install electronic devices to improve quality of power and reduction of energy consumption.
- Install efficient steam boiler burner.
- Harmonics and power factor improvements.
- Install energy saving lamps.
- Install VFD for air compressor motors.

##### c) Impact of above measures:

The adoption of energy conservation measures have resulted in considerable savings and increased level of awareness amongst the employees. The energy conservation measures have also resulted in improvement of power factor and consequential tariff benefits. These measures have also resulted into better quality of power, reduction in fossil fuel combustion, optimal utilisation of resources resulted in overall efficiency improvement and reduced consumption of fuel, water and power resulted in lowering overall costs.

##### d) Energy Consumption:

Particulars	2019-20	2018-19
<b>1 Electricity</b>		
<b>(a) Purchases</b>		
Units (kwhs)	99,31,200	96,60,120
<b>Total Amount (₹)</b>	<b>5,83,03,692.00</b>	<b>5,66,60,063.00</b>
Rate/ Unit (₹)	5.87	5.87
<b>(b) Own Generation</b>		
Through Diesel		
Units (units in '000)	952.39	714.05
Units per Ltr of Diesel oil	3.50	3.50
Cost/ Unit (₹)	18.80	19.56
<b>2 Agro Waste Consumption</b>		
Qty (units in '000)	2,600.80	2,904.26
<b>Total Amount (₹ '000)</b>	<b>10,617.12</b>	<b>11,540.70</b>
Average Rate	4.08	3.97

## B. Technology Absorption

### Research and Development (R&D)

#### 1 Specific areas in which R&D carried out by the Company.

Foray into Generic business and identification of few niche areas for product development, mainly in dossier development, post patent filing for regulated and emerging markets. The company is building future by strengthening its research formulation through consistent investments in every aspect of its R&D programs, be its Generics Research or Advanced Drugs Delivery Systems (ADDS). The Generics R&D programs continues to create meaningful product pipelines for the US, European and other advanced and emerging markets.

#### 2 Benefits derived as a result of above R & D

The year was a strong year for the company's R&D as the Company continued to benefit from its consistent investments in research through

increase in number of products exported to US, Europe and other regulated and emerging markets.

#### 3 Future plan of action

Development of new and innovative products will lead to evolution of comprehensive range of generics leading to Abbreviated New Drug Applications / Dossiers for filing.

#### 4 Expenditure on R&D

The Company continues to benefit from the extensive Research and Development (R&D) activity carried on. The Company has set-up a New Research & Development centre at Navi Mumbai, Maharashtra with a view to foray into new segments, respond to globally unmet therapeutic needs, enhance the Company's opportunity responsiveness and to file a larger number of ANDAs.

During the year, the Company has incurred expenses of R & D nature for new product development and ANDA / Dossiers filing for regulated and emerging markets.

		(₹ in Lakh)		
Expenditure on R&D		Goa	Navi Mumbai	Total
a.	Capital expenditure	Nil	Nil	Nil
b.	Revenue expenditure	501.24	330.23	831.47
c.	<b>Total</b>			<b>831.47</b>

d. Total R&D expenditure as a percentage of total standalone revenue- 1.92 %

## 5 Technology absorption, adaptation and innovation.

### 1. Efforts, in brief, made towards technology absorption, adaptation and innovation

Improvements in process parameters, up-gradation of plant and systems facility, working systems, documentation and practices to international regulatory standards for European and U.S. Market.

### 2. Benefits derived as a result of the above efforts.

Bio Fuel being substantially cheaper to Furnace Oil, its usage will generate savings in fuel cost. Also it will save time on steam generation and add to operator safety. Access to highly regulated markets, thereby increasing the sales volumes. Installation of new testing equipment has substantially reduced dependency on external testing, thereby reducing the overall operational time cycles. The same has also resulted in reduction in manpower.

Improvements in process parameters have reduced the percentage rejection in the process thereby reducing the wastage of costly raw material.

### 3. Imported Technology

Nil

## C. Foreign Exchange Earnings & Outgo

During the financial year 2019-20, the Company used foreign exchange amounting to ₹7,367.40 Lakh (Previous Year ₹4,712.61 Lakh) and earned foreign exchange amounting to ₹42,657.40 Lakh (Previous Year ₹40,870.10 Lakh).

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

**Mark Saldanha**

Mumbai  
Dated: 4th August, 2020

Chairman & Managing Director  
DIN: 00020983

# Annexure - B

## Annual Report on Corporate Social Responsibility (CSR) Activities

[Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014]

### 1. A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs

Marksans Pharma Limited ("Marksans") actively contributes to the social and economic development of the communities and build a better sustainable way of life for weaker sections of society. The Company's CSR activities are spread across Maharashtra & Goa states, largely addressing in the areas of preventive healthcare, eradicating malnutrition, welfare of women and children, rural development projects and other activities as the Company may choose to select in fulfilling its CSR objectives. The Company's CSR policy is available on the Company's website at [www.marksanspharma.com](http://www.marksanspharma.com).

### 2. The Composition of the CSR Committee

As on 31st March 2020, CSR Committee of the Company consists of three directors. The Composition of the CSR Committee is set out below:

Sr. No	Name	Designation/ Category
1.	Mr. Vardhman Vikramaditya Jain	Chairman -- Wholetime Director
2.	Ms. Sandra Saldanha	Member -- Wholetime Director
3.	Mr. Seetharama R. Buddharaju	Member -- Independent Director

### 3. Average Net Profits of the Company for last three financial years

The average net profit of the Company for the last three financial years calculated as specified by the Companies Act, 2013 for FY 2019-20 was ₹28,41,41,136.00.

### 4. Prescribed CSR Expenditure (two percent of the amount as in Item 3 above)

The prescribed CSR expenditure requirement for FY 2019-20 was ₹56,82,823.00.

### 5. Details of CSR Spent during the financial year

- Total Amount to be spent for the financial year: ₹56,82,823.00.
- Amount unspent, if any: ₹32,65,913.00
- Manner in which the amount spent during the financial year is detailed below:

Sr. No	CSR Project or activity identified	Sector in which the Project is covered	Location of Projects or programs	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs	Amount spent : Direct or through implementing agency
1.	Women and child development, professionalising Anganwadis and national nutrition mission in Goa	Overall wellbeing of women and children	Goa	₹4,50,000.00	₹4,50,000.00	Ministry of Health, Government of Goa
2.	Contribution to Fire Department	Fire Safety measures	Goa	₹2,30,000.00	₹2,30,000.00	Fire Department, Government of Goa

Sr. CSR Project or activity No identified	Sector in which the Project is covered	Location of Projects or programs	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs	Amount spent : Direct or through implementing agency
3. Medical treatment to under privileged society suffering from cancer and other blood disorders	Promoting Health Care	Maharashtra	₹3,50,000.00	₹3,50,000.00	Cherish Life India Foundation
4. Free medicines to the needy and backward segment of society	Promoting Health Care	Maharashtra & Goa	₹13,86,910.00	₹13,86,910.00	Sri Sathya Sai Mobile Medicare Project
<b>TOTAL</b>			<b>₹24,16,910.00</b>	<b>₹24,16,910.00</b>	

**6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report**

During the year 2019-20, the Company has not been able to spend the entire CSR expenditure. However, the Company will continue to spend as the projects progress. Further, the Company is continuing its efforts in identifying more avenues for its CSR objective and is committed to increase the CSR expenditure in the coming years as more CSR projects are implemented.

**7. Responsibility Statement**

The CSR Committee hereby confirms that the implementation and monitoring of CSR activities is in compliance with CSR objectives and the CSR Policy of the company.

For and on behalf of the **CSR Committee**

Place: Mumbai  
Date: 4th August, 2020

**Mr. Varddhan V. Jain**  
Chairman- CSR Committee  
DIN: 08338573

**Mr. Mark Saldanha**  
Managing Director  
DIN: 00020983

# Annexure - C

## Annexure to the Report of the Board of Directors

### Corporate Governance Report 2019-20

#### Company's Philosophy on Code of Governance

The Company is committed to the principles of good corporate governance to achieve long term corporate goals and to enhance shareholders value by managing its operations at all levels with highest degree of transparency, responsibility and delegation with equity in all facets of its operations leading to sharp focus and operationally efficient growth. The spirit of Corporate Governance has prevailed in the Company and has influenced its decisions and policies. The strong internal control system and procedures and codes of conduct for observance by the Company's directors and employees are conducive in achieving good corporate governance practices in the Company. The compliance report is prepared and given below in conformity with the mandatory requirements of Regulation 34(3) and Schedule V of the SEBI (LODR) Regulations, 2015 as amended.

#### Board of Directors

As on March 31, 2020, the total number of Directors on the Board is six (6), out of that three (3) Directors are non-executive and independent. During the financial year under review, Seven (7) Board Meetings were held on - 17.04.2019, 29.05.2019, 11.07.2019, 09.08.2019, 04.10.2019, 12.11.2019, and 11.02.2020. The necessary quorum was present at all the meetings. The time gap between any two consecutive meetings was not more than 120 days.

None of the Directors are members of more than 10 Committees of the Board nor are the Chairman of more than 5 Committees of the Board across all the companies in which they are directors. The details regarding Composition, Shareholding in the company, Attendance at the Board Meetings and the last Annual General Meeting, details of outside directorships and board committee memberships held by them are set out below:

Name of the Director (DIN No.)	Executive/ Non-executive/ Independent/ Promoter	No. of Shares held in the Company	No. of Board Meetings attended out of 7 meetings held	No. of outside directorship in Public Limited Companies*	Member- ship held in Committee of Directors**	Chairman- ship held in Committee of Directors**	Whether attended last AGM held on 26.09.2019
Mr. Mark Saldanha (Chairman & Managing Director) (DIN: 00020983)	Executive, Non- Independent & Promoter	197491553	7	Nil	Nil	Nil	Yes
Mrs. Sandra Saldanha (DIN: 00021023)	Executive, Non- Independent & Promoter	180	7	Nil	Nil	Nil	Yes
Mr. Varddman Vikramaditya Jain (DIN: 08338573)	Executive & Non- Independent	Nil	6	Nil	Nil	Nil	No
Mr. S R Buddharaju (DIN: 03630668)	Non-executive & Independent	Nil	7	Nil	Nil	Nil	Yes
Mr. Digant Mahesh Parikh (DIN: 00212589)	Non-executive & Independent	4000	6	1	Nil	Nil	No
Mr. Abhinna Sundar Mohanty (w.e.f. 11.07.2019) (DIN: 00007995)	Non-executive & Independent	Nil	4	1	Nil	Nil	Yes

\* This excludes directorship held in private companies, foreign companies and companies formed under Section 8 of the Companies Act, 2013.

\*\* Membership/Chairmanship in Committee of Directors includes Audit Committee and Stakeholders Relationship Committee in public companies only. This does not include membership/chairmanship in Committee of Directors of Marksans Pharma Limited.



Name of listed companies in which Company's directors are also director.

Name of the Director	Name of other listed companies in which also holds directorship	Category of directorship	Relationship between Directors inter se
Mr. Mark Saldanha	Nil	-	Relative of Mrs. Sandra Saldanha
Mrs. Sandra Saldanha	Nil	-	Relative of Mr. Mark Saldanha
Mr. Varddhan Vikramaditya Jain	Nil	-	None
Mr. Seetharama Raju Buddharaju	Nil	-	None
Mr. Digant Mahesh Parikh	Nil	-	None
Mr. Abhinna Sundar Mohanty (w.e.f. 11.07.2019)	Nil	-	None

**Details of core skills/expertise/competencies identified by the Board of Directors required in the context of its business and sector for it to function effectively and those actually available with the Board**

Skills/expertise/competencies identified by the Board which are required in the context of its business and sector	<p>The board of Directors shall comprise of directors having right skills/expertise/competencies that allow them to make effective contributions to the Board and its Committees. Such Skills/expertise/competencies as identified by the Board are:</p> <ol style="list-style-type: none"> <li>All Board members shall be financially literate and at least one member shall have accounting or related financial management expertise.</li> <li>Members of the Board shall be capable of risk assessment and suggest risk mitigation measures in general and particularly with respect to risk associated with the pharma sector.</li> <li>Right qualification and expertise necessary to run pharma industry.</li> <li>Expertise in corporate strategy, budgets and business plans and setting performance objectives.</li> <li>Best corporate governance practice.</li> <li>Monitoring in general management of affairs of the Company.</li> <li>Board members should act in good faith and with due diligence and care and in the best interest of the Company and shareholders.</li> <li>Board members should be capable of exercising independent judgment.</li> <li>Board members should be able to commit themselves effectively to their responsibilities.</li> </ol>
Skills/expertise/competencies actually available with the Board	<p>All the directors of the Company are financially literate and one director is an MBA in Finance. All the directors are well versed with pharmaceutical business, general management and administration, risk identification and management, good corporate governance practices, etc. The directors possess strong working experience in the above fields. The Company's Board is comprised of perfect blend of the above skills/expertise/competencies.</p>

**Independent Directors**

In the opinion of the Board of Directors of the Company, the independent directors fulfilled the conditions specified in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and are independent of the management. The Company has received necessary declaration from all the independent directors confirming that they meet the criteria of independence.

During the year under review, the Independent Directors held a meeting on 11th February, 2020 without the attendance of executive directors and the management. The Independent Directors reviewed performance of non-independent directors and the Board of Directors as a whole and performance of the Chairman of the Company. The Independent Directors also reviewed the quality, quantity and timeliness of flow of information between the management and the directors.

The Company proactively keeps its independent directors informed of the activities of the Company, its management and operations and provides an overall industry perspective as well as issue being faced by the industry. The Company also familiarised the independent directors about their role, functions and responsibilities. Details of the familiarisation programme for the Independent Directors are placed on the Company's website at [www.marksanspharma.com](http://www.marksanspharma.com).

## Audit Committee

The Audit Committee consists of Directors, namely Mr. Seetharama Raju Buddharaju (Chairman), Mr. Varddhman Vikramaditya Jain, Mr. Digant Mahesh Parikh and Mr. Abhinna Sundar Mohanty. The Managing Director and Head of Finance are invited to the audit committee meetings. Company Secretary acts as the Secretary to the Committee. The constitution, functions and the terms of reference of Audit Committee are those prescribed under Regulation 18 and Schedule II Part C of the SEBI (LODR) Regulations, 2015 as well as under Section 177 of the Companies Act, 2013.

Terms of reference of Audit Committee, inter alia, includes the following:

1. Oversight of financial reporting process and disclosure of its financial information.
2. Reviewing with the management, the annual financial statements, quarterly financial statements, auditors' report/ limited review report.
3. Recommendation for appointment, remuneration and terms of appointment of auditors.
4. Reviewing and monitoring the auditors' independence and performance and effectiveness of audit process.
5. Scrutiny of inter-corporate loans and investments.
6. Evaluation of internal financial controls and risk management systems.
7. Reviewing with the management, performance of statutory auditors and internal auditors, adequacy of internal control systems.
8. Reviewing the adequacy of internal audit function.
9. Reviewing the functioning of the whistle blower mechanism.
10. Reviewing the statement of significant related party transactions.
11. Reviewing the internal audit reports.

During the financial year under review, the Audit Committee met five (5) times on 17.04.2019, 29.05.2019, 09.08.2019, 12.11.2019 and 11.02.2020. The necessary quorum was present at all the meetings. The time gap between any two consecutive meetings was not more than 120 days. The Chairman of the Audit Committee was present at the last Annual General Meeting.

Attendance of the members of the Audit Committee was as under:

Sr. No.	Name of Committee Member	Position	Category	Meetings Attended out of 5 held
1.	Mr. Seetharama Raju Buddharaju	Chairman	Non-executive & Independent	5
2.	Mr. Varddhman Vikramaditya Jain	Member	Executive & Non Independent	5
3.	Mr. Digant Mahesh Parikh	Member	Non-executive & Independent	4
4.	Mr. Abhinna Sundar Mohanty (w.e.f. 11.07.2019)	Member	Non-executive & Independent	3

## Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Company consists of independent directors, namely Mr. Seetharama Raju Buddharaju (Chairman), Mr. Digant Mahesh Parikh and Mr. Abhinna Sundar Mohanty.

Terms of reference of Nomination and Remuneration Committee, inter alia, includes the following:

1. Formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of directors, key managerial personnel and other employees.
2. Formulation of criteria for evaluation of performance of independent directors and the Board of Directors.
3. Identifying persons who are qualified to become directors and who may be appointed in senior management.
4. Determining whether to extend or continue the terms of appointment of the independent directors on the basis of their performance evaluation.
5. Determining remuneration of the Directors, Key Managerial Personnel and other employees of the Company.

During the financial year under review, the Nomination and Remuneration Committee met three (3) times on 11.07.2019, 09.08.2019, and 11.02.2020. The necessary quorum was present at all the meetings.

Attendance of the members of the Nomination and Remuneration Committee was as under:

Sr. No.	Name of Committee Member	Position	Category	Meetings Attended out of 3 held
1.	Mr. Seetharama Raju Buddharaju	Chairman	Non-executive & Independent	3
2.	Mr. Digant Mahesh Parikh	Member	Non-executive & Independent	2
3.	Mr. Abhinna Sundar Mohanty (w.e.f. 11.07.2019)	Member	Non-executive & Independent	2

## Nomination and Remuneration Policy:

The Company has in place Nomination and Remuneration Policy in accordance with Section 178 of the Companies Act, 2013. The Nomination and Remuneration Policy, inter alia, provides for the following:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director in terms of Diversity Policy of the Board and recommend to the Board for his/her appointment.
2. For the appointment of KMP (other than Managing/Whole-time Director) or Senior Management, a person should possess adequate qualification, expertise and experience for the position he/she is considered for the appointment. For administrative convenience, the Managing Director is authorised to identify and appoint a suitable person for the position of KMP (other than Managing/Whole-time Director) and Senior Management.
3. Remuneration / compensation / commission, etc., as the case may be, to the Managing / Whole-time Director is determined by the Committee and recommended to the Board for approval. Remuneration / compensation / commission, etc., as the case may be, are subject to approval of the shareholders of the Company and are in accordance with provisions of the Companies Act, 2013 and Rules made thereunder. The Managing Director of the Company is authorised to decide remuneration of KMP (other than Managing/Whole-time Director) and Senior Management based on the standard market practice and prevailing HR policies of the Company.
4. Remuneration / commission / sitting fees, as the case may be, to the Non-Executive/ Independent Director, is in accordance with the provisions of the Companies Act, 2013 and the Rules made thereunder for the time being in force or as may be decided by the Committee / Board / Shareholders.
5. An Independent Director is not entitled to any stock option of the Company.

## Remuneration of Directors

### Directors Remuneration

The executive directors are paid remuneration under the applicable provisions of the Companies Act, 2013 with approval of the shareholders in the General Meeting. Details of the remuneration paid to the executive directors of the Company during the year ended 31st March, 2020 are given here below:

(In Rupees)

Name of Directors	Basic	Allowances	Bonus	Medical Reimbursement	Sitting Fees	Total
Mr. Mark Saldanha	96,00,000	7,72,320	60,000	--	--	1,04,32,320
Mrs. Sandra Saldanha	10,80,000	59,22,564	12,000	15,000	--	70,29,564
Mr. Varddhman Vikramaditya Jain	60,00,000	77,34,828	--	15,000	--	1,37,49,828
Mr. Seetharama Raju Buddharaju	--	--	--	--	30,000	30,000
Mr. Digant Mahesh Parikh	--	--	--	--	25,000	25,000
Mr. Abhinna Sundar Mohanty	--	--	--	--	20,000	20,000

#### Note:

- The above figure does not include provisions for encashable leave, Company's Contribution to Provident Fund & Gratuity.
- Apart from the above remuneration, the executive directors are not paid any performance linked incentives nor are entitled to any severance fees.
- The Company has not issued any stock options either to its directors or employees.
- The executive directors are appointed by way of resolution passed by the shareholders of the Company.

Non-executive directors are not paid any remuneration except sitting fees for attending the meeting of the Board and Committees. Apart from this, there is no pecuniary relationship or transaction between any non-executive directors and the Company.

### Performance Evaluation criteria for directors including independent directors as set out by the Nomination and Remuneration Committee and approved by the Board of Directors:

1. Attendance and contribution at Board and Committee meetings.
2. His stature, appropriate mix of expertise, skills, behaviour, experience, leadership qualities, sense of sobriety and understanding of business, strategic direction to align company's value and standards.
3. His knowledge of finance, accounts, legal, investment, marketing, foreign exchange/ hedging, internal controls, risk management, assessment and mitigation, business operations, processes and Corporate Governance.
4. His ability to create a performance culture that drives value creation and a high quality of debate with robust and probing discussions.
5. Effective decisions making ability to respond positively and constructively to implement the same to encourage more transparency.
6. Open channels of communication with executive management and other colleague on Board to maintain high standards of integrity and probity.
7. Recognise the role which he is expected to play, internal Board Relationships to make decisions objectively and collectively in the best interest of the Company to achieve organisational successes and harmonising the Board.
8. His global presence, rational, physical and mental fitness, broader thinking, vision on corporate social responsibility etc.
9. Quality of decision making on source of raw material/procurement of roughs, export marketing, understanding financial statements and business performance, raising of finance, best source of finance, working capital requirement, forex dealings, geopolitics, human resources etc.
10. His ability to monitor the performance of management and satisfy himself with integrity of the financial controls and systems in place by ensuring right level of contact with external stakeholders.
11. His contribution to enhance overall brand image of the Company.
12. Adherence to the various codes of conduct and policies framed by the Company as applicable.

### Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee consists of Directors, namely Mr. Seetharama Raju Buddharaju (Chairman), Mr. Varddhman Vikramaditya Jain, Mr. Digant Mahesh Parikh and Mr. Abhinna Sundar Mohanty.

The Committee looks into the shareholders' and Investors' grievances. The Committee also oversees the performance of the Registrar and Share Transfer Agent and recommends measures to improve the level of investor services.

Number of complaints received during the year	: 6
Number of complaints resolved to the satisfaction of complainants	: 6
Number of complaints outstanding as on 31.03.2020	: 0

Complaint/grievance were in the nature of Non-receipt of dividend and annual report, Demat of Securities and others.

During the financial year under review, Stakeholders Relationship Committee met four (4) times on 29.05.2019, 09.08.2019, 12.11.2019 and 11.02.2020. The necessary quorum was present at all the meetings.

Attendance of the members of the Stakeholders' Relationship Committee was as under.

Sr. No.	Name of Committee Member	Position	Category	Meetings Attended out of 4 held
1.	Mr. Seetharama Raju Buddharaju	Chairman	Non-executive & Independent	4
2.	Mr. Varddhman Vikramaditya Jain	Member	Executive & Non-Independent	4
3.	Mr. Digant Mahesh Parikh	Member	Non-executive & Independent	3
4.	Mr. Abhinna Sundar Mohanty (w.e.f. 11.07.2019)	Member	Non-executive & Independent	3

### Corporate Social Responsibility (CSR) Committee

CSR Committee of the Company consists of directors, namely Mr. Varddhman Vikramaditya Jain (Chairman), Mrs. Sandra Saldanha and Mr. Seetharama Raju Buddharaju. The Company has in place a CSR Policy formulated by CSR Committee and approved by the Board of the Company.

CSR Committee is responsible for execution, implementation, monitoring and reporting to the Board the projects and programs undertaken under the CSR Policy.

During the financial year under review, CSR Committee met three (3) times on 29.05.2019, 14.08.2019 and 11.02.2020. The necessary quorum was present at the meetings. Attendance of the members at CSR Committee meetings was as under:

Sr. No.	Name of Committee Member	Position	Category	Meetings Attended out of 3 held
1.	Mr. Varddhman Vikramaditya Jain	Chairman	Executive & Non-independent	3
2.	Mrs. Sandra Saldanha	Member	Executive & Non-independent	3
3.	Mr. Seetharama Raju Buddharaju	Member	Non-executive & Independent	3

### Risk Management Committee

Risk Management Committee of the Company consists of Mr. Varddhman Vikramaditya Jain (Chairman), Mr. Seetharama R. Buddharaju and Mr. Jitendra Sharma. The Company has a Risk Management Policy formulated by Risk Management Committee and approved by the Board of the Company.

Risk Management Committee is responsible to implement and monitor risk assessment and minimisation procedure and periodically report to the Board a risk assessment report and recommend to the Board risk mitigation measures, if any, for approval.

During the financial year under review, Risk Management Committee met two (2) times on 29.05.2019 and 11.02.2020. The necessary quorum was present at the meetings. Attendance of the members at Risk Management Committee meetings was as under:

Sr. No.	Name of Committee Member	Position	Category	Meetings Attended out of 2 held
1.	Mr. Varddhman Vikramaditya Jain	Chairman	Executive & Non-independent	2
2.	Mr. Seetharama Raju Buddharaju	Member	Non-executive & Independent	2
3.	Mr. Jitendra Sharma	Member	Chief Financial Officer	2

### Share Transfer System

The Company has appointed Bigshare Services Private Limited as its Registrar and Share Transfer Agent for both physical and demat segment. The Company has authorised Mr. Mark Saldanha, Managing Director, Mr. Jitendra Sharma, Chief Financial Officer and Mr. Harshavardhan Panigrahi, Company Secretary of the Company to approve share transfers lodged in physical mode, dematerialisation/rematerialisation of shares, issue of duplicate share certificate on surrender of defaced/damaged/mutilated share certificates. The shares lodged for the above purposes given effect and returned in 15 days from the date of receipt, so long as the documents are complete in all respects. Vide Gazette Notification dated June 8, 2018 and as amended, SEBI has mandated that with effect from April 1, 2019, except in case of transmission or transposition of shares, transfer of shares of the Company would be carried out in dematerialised form only. No physical shares will be accepted for transfer from that date.

The Board has designated Mr. Harshavardhan Panigrahi, Company Secretary of the Company as Compliance Officer.

### Disclosures

- a) **Related Parties Transactions:** The Company has been selling goods to its subsidiaries, Bell, Sons & Co (Druggists) Limited, Relonchem Limited, Time-Cap Laboratories Inc. and Nova Pharmaceuticals Australasia Pty Ltd. from time to time. These subsidiaries are related parties. All the transactions with these subsidiaries are in the ordinary course of business on arm's length basis and are repetitive in nature. These transactions are entered in the Register of Contracts and placed before the Board of Directors on a regular basis. The details of these related party transactions are also placed before the Audit Committee for review. The Audit Committee has granted an omnibus (ad hoc) approval to such types of transactions for smooth operations and in the interest of the Company and in accordance with the Company's Policy on Related Party Transactions. Sales to Nova Pharmaceuticals Australasia Pty. Ltd., in which the Company holds 60% of the share capital is within the limit of the Omnibus (ad hoc) approval of the Audit Committee of the Company. The other subsidiaries are wholly owned subsidiaries of the Company. Details of related party transactions during the year ended 31st March, 2020 has been set out under Note No. 38 of the Notes annexed to the Financial Statements for the year ended 31st March, 2020. There is no materially significant related party transaction that may have potential conflict with the interests of the Company. Company's policy on dealing with Related Party Transactions and policy for determining material subsidiaries are available on the Company's website [www.marksanspharma.com](http://www.marksanspharma.com).
- b) There was no non-compliance during the last three years by the Company on any matter related to the capital market. Consequently, there were neither any penalties imposed nor strictures passed on the Company by Stock Exchanges, SEBI or any statutory authority.
- c) The Company has in place a Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. Under the policy, an effective vigil mechanism for directors and employees has been established to report their genuine concerns, actual or suspected fraud or violation of the Company's codes of conduct. Details of the Whistle Blower Policy are available on the Company's website [www.marksanspharma.com](http://www.marksanspharma.com). The said vigil mechanism also provides for adequate safeguard against victimisation of the person who uses such mechanism and direct access to the chairperson of the Audit Committee. During the financial year 2019-20, there was no instance of any unethical behaviour, actual

or suspicious fraud or violation of the Company's operational policies and codes of conduct and no employee of the Company sought access to the Audit Committee.

- d) During the period under review, the Company has not raised funds through preferential allotment or qualified institutions placement as specified under Regulation 32(7A).
- e) A certificate from Ms. Khushboo Chinal Shah, 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 SEBI/Ministry of Corporate Affairs or any such statutory authority is annexed herewith as a part of the report.
- f) During the financial year under review, the Board has accepted all the mandatory recommendations of the Committees of Directors.
- g) Total fees for all services paid by the Company and its subsidiaries on a consolidated basis to the statutory auditor is specified under Note No. 29.1 of the Notes annexed to the consolidated Financial Statements for the year ended 31st March, 2020.
- h) Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:-
  - a. Number of complaint filed during the financial year 2019-20 : Nil
  - b. Number of complaint disposed of during the financial year 2019-20 : NA
  - c. Number of complaints pending as on end of the financial year 2019-20 : Nil
- i) The Company is not into any commodity trading activities.
- j) The entire revenue of the Company is derived from the export market. The Company also imports some of the raw materials. Therefore, the Company is exposed to foreign exchange fluctuation risk. The Company manages these risks by taking adequate forward cover from time to time.
- k) The Company is fully compliant with the corporate governance requirements specified in the Companies Act, 2013 and in Schedule V of SEBI (LODR) Regulations, 2015 to the extent applicable.
- l) Disclosure regarding adoption of discretionary requirements as specified in Part E of Schedule II of SEBI (LODR) Regulations, 2015:
  - i. The Company has an executive chairperson.
  - ii. Half-yearly declaration of financial performance including summary of the significant events in last six-months are presently not being sent to the shareholders.
  - iii. Every endeavor is made to make the financial statements with unmodified audit opinion.
  - iv. The internal auditors' reports are placed before the Audit Committee from time to time.
- m) There is no shares in the demat suspense account/unclaimed suspense account.
- n) The Audit Committee of the Company reviews the financial statements of its subsidiary companies. Minutes of the meetings of the subsidiary companies are also placed before the Board of Directors of the Company from time to time.
- o) The Company has in place Succession Plans for appointment to the Board of Directors and Senior Management.
- p) During the year ended 31st March, 2020, all members of the Board and Senior Management Personnel of the Company has affirmed due observance of the Code of Conduct framed pursuant to SEBI (LODR) Regulations, 2015, in so far as it is applicable to them.

### Disclosure of compliance with corporate governance requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Regulation No.	Particulars	Compliance Status
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	Yes
22	Vigil Mechanism	Yes
23	Related Party Transactions	Yes
24	Subsidiary Company.	Yes
25	Independent Directors	Yes
26	Directors and Senior Management	Yes
27	Other Corporate Governance Requirements	Yes
46(2)(b) to (i)	Website	Yes

### Management Discussion & Analysis Report.

The Annual Report has a separate and detailed chapter on Management Discussion & Analysis covering Industry structure and development, financial and operational performance of the Company, risks, concerns, opportunities, threat and outlook forming part of this report.

Details of significant changes (i.e. change of 25% or more as compared to immediately previous year) in key financial ratios, along with explanations are given below.

Key Financial Ratios	2018-19	2019-20	% Change
Debtors Turnover	2.45	2.55	4.08
Interest Coverage Ratio	10.86	9.83	(9.48)
Operating Profit Margin (%)	16.49	16.53	0.24
Net Profit Margin (%)	10.09	8.74	(13.38)
Return on Net Worth	9.27	7.50	(19.09)

There is no significant change in key financial ratios.

### Means of Communication

Quarterly, Half-yearly, and Annual results of the Company are published in one English newspaper (Business Standard) and one Marathi newspaper (Tarun Bharat). These results are also submitted to the stock exchanges in accordance with the Listing Regulations and are available on the website of BSE ([www.bseindia.com](http://www.bseindia.com)) & NSE ([www.nseindia.com](http://www.nseindia.com)) and also on the Company's website ([www.marksanspharma.com](http://www.marksanspharma.com)). The Company also displays official news releases on its website from time to time. The Company has not made any presentation to institutional investors or analyst.

### Compliance with Secretarial Standards

The Institute of Company Secretaries of India, a Statutory Body, has issued Secretarial Standards on various aspects of corporate law and practices. The Company has complied with each one of them.

### Credit Ratings

India Ratings & Research (Fitch Group) has revised Marksans Pharma outlook to positive from stable while affirming Fund based limites rating at IND A-/Positive and Non-fund based limites rating at IND A1.



## General Body Meetings

Annual General Meeting	Date	Time	Venue	No. of Special Resolutions
Twenty Seventh	26.09.2019	10.30. A.M.	GMS Banquet, Next to D. N. Nagar Metro Station, Opp. Indian Oil Nagar, New Link Road, Andheri (West), Mumbai 400 053.	1*
Twenty Sixth	27.09.2018	10.30. A.M.	GMS Banquet, Next to D. N. Nagar Metro Station, Opp. Indian Oil Nagar, New Link Road, Andheri (West), Mumbai 400 053.	2*
Twenty Fifth	26.09.2017	10.30. A.M.	GMS Banquet, Next to D. N. Nagar Metro Station, Opp. Indian Oil Nagar, New Link Road, Andheri (West), Mumbai 400 053.	4***

\* One (1) Special Resolution was passed in the AGM held on 26th September, 2019:-

1. Approval of Marksans Employees Stock Option Scheme 2019.

\* Two (2) Special Resolutions were passed in the AGM held on 27th September, 2018:-

1. Extension of redemption period of 7% Redeemable Cumulative Preference Shares of ₹100/- each.

2. Approval of Marksans Employees Stock Option Scheme 2018.

\*\*\* Four (4) Special Resolutions were passed in the AGM held on 26th September, 2017:-

1. Approval of re-appointment of Mrs. Sandra Saldanha (DIN 00021023) as a Whole-time Director.

2. Waiver of recovery of excess remuneration paid to Dr. Vinay Gopal Nayak, Whole-time Director for the financial year 2016-17.

3. Payment of remuneration to Dr. Vinay Gopal Nayak, Whole-time Director.

4. Approval of Marksans Employees Stock Option Scheme 2017.

## Postal ballot

As of date, there is no proposal to pass any resolution by postal ballot. However, the Company is providing remote e-voting facility to its members to exercise their votes electronically.

## General Shareholder Information

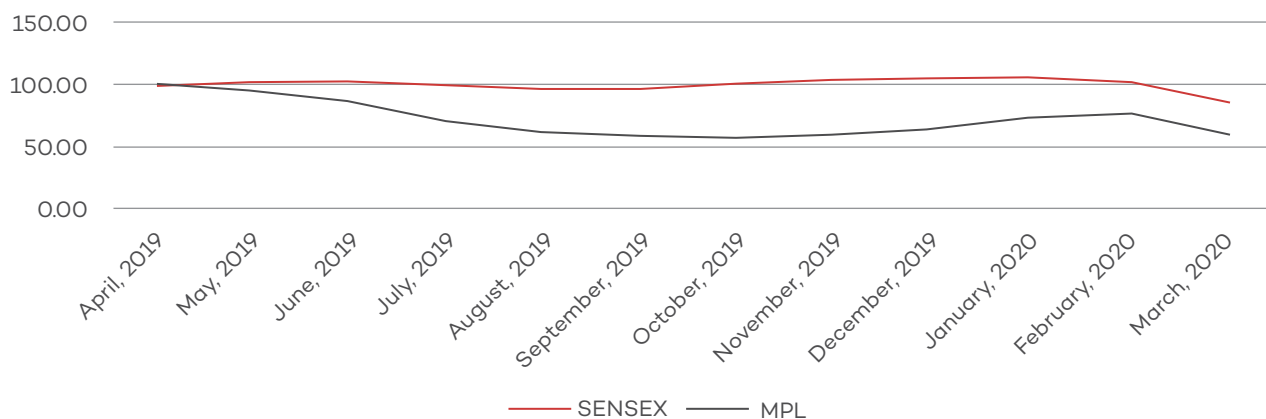
CIN	L24110MH1992PLC066364
Registered Office	11th Floor, Grandeur, Veera Desai Extension Road, Oshiwara, Andheri (West), Mumbai - 400053.
AGM	Twenty Eighth (28th) Annual General Meeting.
Day & Date:	Tuesday, 29th September, 2020
Financial Year	2019-2020
Time	11:00 am
Venue	Through Video Conferencing / Other Audio Visual Means.
Financial calendar (Tentative schedule)	Financial Year - April to March First Quarter Results - 2nd week of August Second Quarter Results - 2nd week of November Third Quarter Results - 2nd week of February Last Quarter Results - 3rd / 4th week of May
Date of Book Closure	From Thursday, 24th September, 2020 upto Tuesday, 29th September, 2020 (both days inclusive)
Dividend payment date	On or after 8th October, 2020
Listing on Stock Exchanges	BSE Limited The National Stock Exchange of India Limited (NSE) The annual listing fees for the year 2019-20 have been paid.
Stock Code	BSE : 524404 NSE : MARKSANS
ISIN	INE750C01026
Depositories	Central Depository Services (India) Limited National Securities Depository Limited

### Monthly high & low market price of shares on BSE during the period April 2019 to March 2020

Month	Open (₹)	High (₹)	Low (₹)	Close (₹)
April 2019	24.75	26.85	23.55	23.60
May 2019	23.40	26.85	20.95	22.80
June 2019	22.80	23.60	17.90	20.55
July 2019	20.55	20.95	11.45	15.95
August 2019	16.05	18.15	13.20	13.60
September 2019	13.51	16.85	13.36	13.80
October 2019	14.00	15.80	12.05	15.16
November 2019	15.00	16.35	14.15	14.60
December 2019	14.75	18.57	13.40	16.71
January 2020	16.70	21.05	16.55	18.60
February 2020	18.50	23.35	16.85	17.05
March 2020	17.80	17.90	9.90	13.90

### Marksans Pharma Ltd (“MPL”) share price performance versus BSE Sensex during April 2019 - March 2020

MPL Share price performance versus BSE Sensex



### Shareholding Pattern as on 31.03.2020

Category	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Resident Individuals	118061	95.83	367330799	89.75
HUF	2898	2.35	7037544	1.72
Bodies Corporate	486	0.39	7957512	1.94
Trust	1	0.00	2000	0.00
Bank & Financial Institutions	5	0.00	2613820	0.64
Clearing Members	199	0.16	5830895	1.42
NRIs	1538	1.25	7121964	1.74
FII (includes FPIs)	26	0.02	10419164	2.55
Alternate Investment Fund	1	0.00	1000000	0.24
<b>Total</b>	<b>123215</b>	<b>100.00</b>	<b>409313698</b>	<b>100.00</b>

Category	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Promoters	2	0.01	197491733	48.25
Non-Promoters	123213	99.99	211821965	51.75
<b>Total</b>	<b>123215</b>	<b>100.00</b>	<b>409313698</b>	<b>100.00</b>

### Distribution of Shareholding as on 31.03.2020

Shareholding	No. of Folios	% of Folios	No. of Shares held	% of Shareholding
Upto 5000	121307	96.1724	73866469	18.0464
5001 – 10000	2601	2.0621	19761107	4.8279
10001 – 20000	1159	0.9189	17023898	4.1591
20001 – 30000	373	0.2957	9368582	2.2889
30001 – 40000	196	0.1554	6937931	1.6950
40001 – 50000	126	0.0999	5873888	1.4351
50001 – 100000	222	0.1760	16187822	3.9549
Above 100000	151	0.1197	260294001	63.5928
<b>Total</b>	<b>126135*</b>	<b>100.00</b>	<b>409313698</b>	<b>100</b>

\* No. of Folios are not PAN clubbed whereas No. of Shareholders under above Shareholding Pattern are PAN clubbed.

Registrar and Transfer Agents	<p>Bigshare Services Pvt. Ltd. 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Near Keys Hotel, Marol, Andheri (East), Mumbai – 400059. Ph. No. 022-62638200 Fax No. 022-62638299 E-mail: <a href="mailto:investor@bigshareonline.com">investor@bigshareonline.com</a>; Website: <a href="http://www.bigshareonline.com">www.bigshareonline.com</a></p> <p>The Company's RTA has launched Gen-Next Investor Interface Module "iBoss" the most advanced tool to interact with investors. Shareholders are requested to login into "iBoss" and help them to serve you better.</p>
Dematerialisation of the Shares and Liquidity	<p>Based on SEBI directives, Company's shares are traded in dematerialised form. As on 31.03.2020, 99.80% of the paid up equity share capital of the Company was in dematerialised form.</p>
Outstanding GDR/ADR/ Warrants or any convertible instruments, conversion dates and likely impact on equity	--
Plant Locations	<p>India Formulation Plant Marksans Pharma Limited L-82 &amp; L-83 Verna Industrial Estate, Verna, Goa- 403 722.</p> <p>U.K. Plant Bell, Sons &amp; Co (Druggists) Ltd. Slaidburn Crescent, Southport, PR9 9AL.</p> <p>U.S.A. Plant Time-Cap Laboratories Inc. 7, Michael Avenue, Farmingdale, New York- 11735, USA.</p>
Address for Correspondence	<p>Mr. Harshavardhan Panigrahi Company Secretary &amp; Manager-Legal Marksans Pharma Limited 11th Floor, Grandeur, Veera-Desai Extension Road, Oshiwara, Andheri (West), Mumbai 400 053. Tel. No. : 022- 40012000 Fax No. 022- 40012011 Email: <a href="mailto:companysecretary@marksanspharma.com">companysecretary@marksanspharma.com</a></p>

### Brief resume of the person proposed to be re-appointed as Director of the Company at the Annual General Meeting.

Name	Mr. Seetharama Raju Buddharaju (DIN 03630668)
Age	68 Years
Qualification	Science Graduate, Post Graduate Diploma in Marketing & Sales Management and Post Graduate Diploma in Business Management
Experience	He has more than 35 years of experience in Sales Management, Marketing & General Administration. He has handled various sales management assignments in Parke-Davis and Pfizer at senior levels in various location for 22 years. He has also worked as Sales Head for 3 divisions of Sarabhai Chemicals. Currently he is practicing as a consultant
Name of the other public Companies in which also holds directorship	Nil
Name of the other public Companies in the committee of which also holds membership / chairmanship	Nil
No. of shares held in the Company	Nil
Relationship with other Directors / Key Managerial Personnel	None

Name	Mr. Mark Saldanha (DIN: 00020983)
Age	47 Years
Qualification	Science Graduate
Experience	He has over 24 years of experience in production, marketing and finance. He is the principal architect of the success and progress of the Company. Under his able, dynamic and manifold leadership, the Company rapidly growing to new heights of success and higher level of performance
Name of the other public Companies in which also holds directorship	<ol style="list-style-type: none"> <li>1. Marksans Pharma (UK) Limited</li> <li>2. Marksans Holdings Limited</li> <li>3. Bell, Sons &amp; Co (Druggists) Limited</li> <li>4. Relonchem Limited</li> <li>5. Nova Pharmaceuticals Australasia Pty. Ltd.</li> <li>6. Marksans Pharma Inc.</li> <li>7. Time-Cap Laboratories Inc.</li> <li>8. Custom Coating Inc.</li> </ol>
Name of the other public Companies in the committee of which also holds membership / chairmanship	Nil
No. of shares held in the Company	197491553 Equity Shares
Relationship with other Directors / Key Managerial Personnel	Relative of Mrs. Sandra Saldanha

Name	Mrs. Sandra Saldanha (DIN: 00021023)
Age	48 Years
Qualification	Master of Arts (Sociology)
Experience	Human Resource Management, Business Development, Projects and Supply Chain Management
Name of the other public Companies in which also holds directorship	1. Marksans Pharma (UK) Limited 2. Marksans Holdings Limited 3. Relonchem Limited 4. Bell, Sons and Co (Druggists) Limited
Name of the other public Companies in the committee of which also holds membership / chairmanship	Nil
No. of shares held in the Company	180 Equity shares
Relationship with other Directors / Key Managerial Personnel	Relative of Mr. Mark Saldanha

**Brief resume of the person proposed to be appointed as Executive Director of the Company at the Annual General Meeting.**

Name	Mr. Varddhman Vikramaditya Jain (DIN: 08338573)
Age	50 Years
Qualification	M. Pharm
Experience	Has over 26 years of experience in the areas of manufacturing, quality R&D, compliance & regulatory affairs both for API and finished dosage form manufacturing
Name of the other public Companies in which also holds directorship	Nil
Name of the other public Companies in the committee of which also holds membership / chairmanship	Nil
No. of shares held in the Company	Nil
Relationship with other Directors / Key Managerial Personnel	None

## Independent Auditors' Certificate on Corporate Governance to the members of Marksans Pharma Limited

To the Members of  
Marksans Pharma Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 22nd June, 2020.
2. We, Bhuta Shah & Co LLP, Chartered Accountants, the Statutory Auditors of Marksans Pharma Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March, 2020, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the Listing Regulations).

### Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

### Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31st March, 2020.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Bhuta Shah & Co LLP  
Chartered Accountants  
Firm Registration No. 101474W/W100100

**Tejas Laliwala**

Partner

Membership No. 127487

Place: Mumbai  
Date: 7th August, 2020

## CEO / CFO CERTIFICATION

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

This is to certify with reference to the Annual Accounts of the Company for the year ended 31st March, 2020 that:-

- a. We have reviewed financial statements and the cash flow statement for the year ended on 31st March, 2020 and that to the best of our knowledge and belief:
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. 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. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
- d. We have indicated to the Auditors and the Audit committee:
  - i. That there is no significant changes in internal control over financial reporting during the year;
  - ii. That there are no significant changes in accounting policies during the year except implementation of Ind AS ; and
  - iii. That there is no instance of any fraud which we have become aware of.

For **Marksans Pharma Limited**

Sd/-  
**Mark Saldanha**  
Managing Director

Sd/-  
**Jitendra Sharma**  
Chief Financial Officer

Place: Mumbai  
Date: 2nd June, 2020

## Declaration on Compliance of the Company's Code of Conduct

This is to confirm that during the year ended 31st March, 2020, all the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the Code of Conduct, framed pursuant to Schedule V of the SEBI (LODR) Regulations, 2015, in so far as it is applicable to them.

For Marksans Pharma Limited

Sd/-

**Mark Saldanha**

Managing Director

Place: Mumbai

Date: 2nd June, 2020



## 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  
**MARKSANS PHARMA LIMITED**  
11thFloor, Grandeur  
Veera Desai Extension Road  
Oshiwara, Andheri (West)  
Mumbai – 400053.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **MARKSANS PHARMA LIMITED (CIN:L24110MH1992PLC066364)** and having registered office at 11th Floor, Grandeur, Veera Desai Extension Road Oshiwara, Andheri (West) Mumbai - 400053 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this certificate in accordance with the 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 my opinion and to the best of my information and according to the verifications (including Director Identification Number (DIN) status on the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 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.

Sr. No.	Name of the Director	DIN	Date of appointment
1	Mr. Mark Saldanha	00020983	06/10/2015
2	Mrs. Sandra Saldanha	00021023	25/09/2014
3	Mr. Digant Mahesh Parikh	00212589	14/03/2018
4	Mr. Vardhman Vikramaditya Jain	08338573	24/01/2019
5	Mr. Abhinna Sundar Mohanty	00007995	11/07/2019
6	Mr. Seetharama Raju Buddharaju	03630668	05/10/2011

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My 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.

**Khushboo Chinal Shah**  
Practicing Company Secretary

Place: Mumbai  
Date: 04th August, 2020

Membership No. A29194  
CP No. 10560  
UDIN: A029194B000588016

# Annexure - D

Annexure to the Report of the Board of Directors

## Form No. MGT-9

Extract of Annual Return as on the financial year ended on 31st March, 2020

[Pursuant to section 92(3) and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31/03/2020

#### I Registration & Other Details:

i	CIN	L24110MH1992PLC066364
ii	Registration Date	16-04-1992
iii	Name of the Company	Marksans Pharma Limited
iv	Category of the Company	Public Company
v	Address of the Registered office & contact details	
	Address :	11th Floor, Grandeur, Veera Desai Extention Road, Oshiwara, Andheri (West)
	Town / City :	Mumbai
	State :	Maharashtra - 400053
	Country Name :	India
	Telephone (with STD Code) :	022-40012000
	Fax Number :	022-40012011
	Email Address :	info@marksanspharma.com
	Website, if any:	www.marksanspharma.com
vi	Whether listed company	Yes
vii	Name and Address of Registrar & Transfer Agents (RTA):-	
	Name of RTA:	Bigshare Services Private Limited
	Address :	1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Near Keys Hotel, Marol, Andheri (East)
	Town / City :	Mumbai
	State :	Maharashtra
	Pin Code :	400059
	Telephone :	022-62638200
	Fax Number :	022-62638299
	Email Address :	investor@bigshareonline.com

#### II. Principal Business Activity of the Company:

1

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Formulation of pharmaceutical products	210	100%

### III. Particulars of Holding, Subsidiary and Associate Companies:

No. of Companies for which information is being filled : 4

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Marksans Pharma (UK) Ltd. Cheshire House, Gorsay Lane, Widnes, WAB ORP.	NA	Subsidiary	100	2(87)
2	Marksans Pharma Inc. 7, Michael Avenue, Farmingdale, New York- 11735, USA.	NA	Subsidiary	100	2(87)
3	Nova Pharmaceuticals Australasia Pty Ltd. Suite 305, 10 Norbik Drive, Bella Vista NSW 2153, Australia.	NA	Subsidiary	60	2(87)
4	Marksans Pharma GmbH, Blaustein, Germany	NA	Subsidiary	100	2(87)

### IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity):

#### i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	197491733	0	197491733	48.25	197491733	0	197491733	48.25	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
<b>(2) Foreign</b>									
a) NRI - Individual/	0	0	0	0.00	0	0	0	0.00	0.00
b) Other - Individual/	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Others	0	0	0	0.00	0	0	0	0.00	0.00
<b>Total shareholding of Promoter (A)</b>	<b>197491733</b>	<b>0</b>	<b>197491733</b>	<b>48.25</b>	<b>197491733</b>	<b>0</b>	<b>197491733</b>	<b>48.25</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks / FI	1635572	2000	1637572	0.40	2611820	2000	2613820	0.64	0.24
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	2987427	0	2987427	0.73	254639	0	254639	0.06	-0.67
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
i) Foreign Portfolio Investor	11119614	0	11119614	2.72	10164525	0	10164525	2.48	-0.23
ii) Alternate Investment Fund	900000	0	900000	0.22	1000000	0	1000000	0.24	0.02
<b>Sub-total (B)(1):-</b>	<b>16642613</b>	<b>2000</b>	<b>16644613</b>	<b>4.07</b>	<b>14030984</b>	<b>2000</b>	<b>14032984</b>	<b>3.43</b>	<b>-0.64</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	15292444	3000	15295444	3.74	7954512	3000	7957512	1.94	-1.79
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	131183465	830090	132013555	32.25	134960553	798340	135758893	33.17	0.92
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	36714342	0	36714342	8.97	41113717	0	41113717	10.04	1.07
c) Others (specify)									
i. Clearing Member	4256994	0	4256994	1.04	5830895	0	5830895	1.42	0.38
ii. NRI	6700740	0	6700740	1.64	7121964	0	7121964	1.74	0.10
iii. Directors & Relatives	6687	0	6687	0.00	4000	0	4000	0.00	0.00
iv. Trust	2000	0	2000	0.00	2000	0	2000	0.00	0.00
v. NBFC	187590	0	187590	0.05	0	0	0	0.00	-0.05
<b>Sub-total (B)(2):-</b>	<b>194344262</b>	<b>833090</b>	<b>195177352</b>	<b>47.68</b>	<b>196987641</b>	<b>801340</b>	<b>197788981</b>	<b>48.32</b>	<b>0.64</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>210986875</b>	<b>835090</b>	<b>211821965</b>	<b>51.75</b>	<b>211018625</b>	<b>803340</b>	<b>211821965</b>	<b>51.75</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0.00	0	0	0	0.00	0.00
<b>Grand Total (A+B+C)</b>	<b>408478608</b>	<b>835090</b>	<b>409313698</b>	<b>100.00</b>	<b>408510358</b>	<b>803340</b>	<b>409313698</b>	<b>100.00</b>	<b>0.00</b>

## ii Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Mr. Mark Saldanha	197491553	48.25	0%	197491553	48.25	0%	0.00
2	Mrs. Sandra Saldanha	180	0.00	0%	180	0.00	0%	0.00
	<b>TOTAL</b>	<b>197491733</b>	<b>48.25</b>	<b>0%</b>	<b>197491733</b>	<b>48.25</b>	<b>0%</b>	<b>0.00</b>

## iii Change in Promoters' Shareholding ( please specify, if there is no change)

During the Financial Year 2019-20, there is no changes in the promoter's shareholding.

## iv Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): (Annexure - D-I)

## v Shareholding of Directors and Key Managerial Personnel:

S. No.: 1 Mr. Mark Saldanha	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	197491553	48.25	197491553	48.25
Changes During the Year				
<b>Increase</b>				
<b>Date</b>	<b>Reason for Increase</b>			
0	Allotment	0	0	0%
0	Bonus	0	0	0%
0	Sweat	0	0	0%
0	Other	0	0	0%
<b>Decrease</b>				
<b>Date</b>	<b>Reason for Decrease</b>			
0	Transfer	0	0	0%
0	Other	0	0	0%
At the End of the year	197491553	48.25	197491553	48.25

S. No.: 2 Mrs. Sandra Saldanha		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year		180	0%	180	0%
Changes During the Year					
<b>Increase</b>					
<b>Date</b>	<b>Reason for Increase</b>				
0	Allotment	0	0%	0	0%
0	Bonus	0	0%	0	0%
0	Sweat	0	0%	0	0%
0	Other	0	0%	0	0%
<b>Decrease</b>					
<b>Date</b>	<b>Reason for Decrease</b>				
0	Transfer	0	0%	0	0%
0	Other	0	0%	0	0%
At the End of the year		180	0%	180	0%

S. No.: 3 Mr. Digant Mahesh Parikh		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year		4000	0%	4000	0%
Changes During the Year					
<b>Increase</b>					
<b>Date</b>	<b>Reason for Increase</b>				
0	Allotment	0	0%	0	0%
0	Bonus	0	0%	0	0%
0	Sweat	0	0%	0	0%
0	Other	0	0%	0	0%
<b>Decrease</b>					
<b>Date</b>	<b>Reason for Decrease</b>				
0	Transfer	0	0%	0	0%
0	Other	0	0%	0	0%
At the End of the year		4000	0%	4000	0%

S. No.: 4 Mr. Abhinna Sundar Mohanty		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year		2687	0%	2687	0%
Changes During the Year					
<b>Increase</b>					
<b>Date</b>	<b>Reason for Increase</b>				
0	Allotment	0	0%	0	0%
0	Bonus	0	0%	0	0%
0	Sweat	0	0%	0	0%
0	Other	0	0%	0	0%
<b>Decrease</b>					
<b>Date</b>	<b>Reason for Decrease</b>				
18.10.2019	Other	100	0%	2587	0%
01.11.2019	Other	2587	0%	0	0%
At the End of the year		0	0%	0	0%

**V Indebtedness:****Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(Amount in ₹)

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	776347963	0	0	776347963
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>776347963</b>	<b>0</b>	<b>0</b>	<b>776347963</b>

Change in Indebtedness during the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
* Addition	0	0	0	0
* Reduction	775889721	0	0	775889721
<b>Net Change</b>	<b>-775889721</b>	<b>0</b>	<b>0</b>	<b>-775889721</b>

Indebtedness at the end of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	458242	0	0	458242
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>458242</b>	<b>0</b>	<b>0</b>	<b>458242</b>

**VI. Remuneration of Directors and Key Managerial Personnel:****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount (₹)
		Mr. Mark Saldanha	Mrs. Sandra Saldanha	Mr. Varddhman V. Jain	
1	Gross salary	1,04,32,320.00	70,29,564.00	1,37,49,828.00	3,12,11,712.00
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,04,32,320.00	70,29,564.00	1,37,49,828.00	3,12,11,712.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission				0
	- as % of profit	0	0	0	0
	- others, specify	0	0	0	0
5	Others, please specify	0	0	0	0
	<b>Total (A)</b>	<b>1,04,32,320.00</b>	<b>70,29,564.00</b>	<b>1,37,49,828.00</b>	<b>3,12,11,712.00</b>
	Ceiling as per the Act				<b>5,58,48,202.00</b>

**B. Remuneration to other directors:**

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount (₹)
		Mr. Seetharama R. Buddharaju	Mr. Digant M. Parikh	Mr. Abhinna Sundar Mohanty	
1	Independent Directors				
	Fee for attending board and committee meetings	30,000.00	25,000.00	20,000.00	75000
	Commission	0	0	0	
	Others, please specify	0	0	0	
	<b>Total (1)</b>				<b>75000</b>
2	Other Non-Executive Directors				
	Fee for attending board committee meetings	0	0	0	0
	Commission	0	0	0	0
	Others, please specify	0	0	0	0
	<b>Total (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total (B)=(1+2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>75000</b>
	Overall Ceiling as per the Act	Sitting fees of ₹1 Lakh per meeting			
	<b>Total Managerial Remuneration (A+B)</b>				<b>3,12,86,712.00</b>

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount (₹)
		Mr. Jitendra Sharma, Chief Financial Officer	Mr. Harshavardhan Panigrahi, Company Secretary	
1	Gross salary	1,24,48,380	23,59,308.00	1,48,07,688.00
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,24,48,380	23,59,308.00	1,48,07,688.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0
2	Stock Option	0		0
3	Sweat Equity	0	0	0
4	Commission			
	- as % of profit	0	0	0
	- others, specify	0	0	0
5	Others, please specify	0	0	0
	<b>Total (A)</b>	<b>1,24,48,380</b>	<b>23,59,308.00</b>	<b>1,48,07,688.00</b>

**VII. Penalties/ Punishments/ Compounding of Offences:**

There were no Penalties, Punishments or Compounding of offences during the year ended March 31, 2020

# Annexure - D1

## Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name of the Shareholders	Shareholdings		Date wise Increase in Shareholdings during the year	No. of Shares	% of total shares of the co.	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year	% of total shares of the co.					No. of Shares	% of total shares of the company
1	MUKUL MAHAVIR PRASAD AGRAWAL	7600000	1.86	20.12.2019	100000	0.02	Purchased	7700000	1.88
				07.02.2020	300000	0.07	Purchased	8000000	1.95
				31.03.2020	-	-	-	8000000	1.95
2	NATTY FERNANDES	2753213	0.67	31.03.2020	-	-	-	2753213	0.67
3	EMERGING MARKETS CORE EQUITY PORTFOLIO (THE PORTFOLIO) OF DFA INVESTMENT	2335721	0.57	20.03.2020	-74124	0.02	Sold	2261597	0.55
				27.03.2020	-143770	0.03	Sold	2117827	0.52
				31.03.2020	-	-	-	2117827	0.52
4	ICICI BANK LIMITED	1029002	0.25	05.04.2019	-217217	0.05	Sold	811785	0.20
				12.04.2019	16699	0	Purchased	828484	0.20
				19.04.2019	-7832	0	Sold	820652	0.20
				26.04.2019	-64728	0.02	Sold	755924	0.18
				03.05.2019	-6494	0	Sold	749430	0.18
				10.05.2019	38082	0.01	Purchased	787512	0.19
				17.05.2019	14377	0.01	Purchased	801889	0.20
				24.05.2019	-58638	0.02	Sold	743251	0.18
				31.05.2019	-195667	0.05	Sold	547584	0.13
				07.06.2019	224265	0.06	Purchased	771849	0.19
				14.06.2019	-271939	0.07	Sold	499910	0.12
				21.06.2019	304795	0.08	Purchased	804705	0.20
				28.06.2019	-306751	0.08	Sold	497954	0.12
				29.06.2019	-50	0.00	Sold	497904	0.12
				05.07.2019	91643	0.02	Purchased	589547	0.14
				12.07.2019	559531	0.14	Purchased	1149078	0.28
				19.07.2019	705	0.00	Purchased	1149783	0.28
				26.07.2019	-3052	0.00	Sold	1146731	0.28
				02.08.2019	-25297	0.01	Sold	1121434	0.27
				09.08.2019	21254	0.01	Purchased	1142688	0.28
				16.08.2019	497523	0.12	Purchased	1640211	0.40
				23.08.2019	-46807	0.01	Sold	1593404	0.39
				30.08.2019	-434597	0.11	Sold	1158807	0.28
06.09.2019	36690	0.01	Purchased	1195497	0.29				
13.09.2019	-16429	0.00	Sold	1179068	0.29				
20.09.2019	8679	0.00	Purchased	1187747	0.29				
26.09.2019	42121	0.01	Purchased	1229868	0.30				
27.09.2019	-11236	0.00	Sold	1218632	0.30				
30.09.2019	-188211	0.05	Sold	1030421	0.25				
04.10.2019	82229	0.02	Purchased	1112650	0.27				
11.10.2019	-13554	0.00	Sold	1099096	0.27				
18.10.2019	-5772	0.00	Sold	1093324	0.27				
25.10.2019	-93690	0.03	Sold	999634	0.24				
01.11.2019	-1858	0.00	Sold	997776	0.24				
08.11.2019	64029	0.02	Purchased	1061805	0.26				
15.11.2019	-11314	0.00	Sold	1050491	0.26				
22.11.2019	200651	0.05	Purchased	1251142	0.31				
29.11.2019	146380	0.03	Purchased	1397522	0.34				
06.12.2019	-238802	0.06	Sold	1158720	0.28				
13.12.2019	19420	0.01	Purchased	1178140	0.29				



Sr. No.	Name of the Shareholders	Shareholdings		Date wise Increase Decrease in Shareholdings during the year	No. of Shares	% of total shares of the co.	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year	% of total shares of the co.					No. of Shares	% of total shares of the company
				20.12.2019	-92374	0.02	Sold	1085766	0.27
				27.12.2019	-236624	0.06	Sold	849142	0.21
				31.12.2019	100498	0.02	Purchased	949640	0.23
				03.01.2020	-73004	0.02	Sold	876636	0.21
				10.01.2020	331471	0.09	Purchased	1208107	0.30
				17.01.2020	-100151	0.03	Sold	1107956	0.27
				24.01.2020	45266	0.01	Purchased	1153222	0.28
				31.01.2020	-114051	0.03	Sold	1039171	0.25
				07.02.2020	-31431	0.00	Sold	1007740	0.25
				14.02.2020	-23060	0.01	Sold	984680	0.24
				21.02.2020	29280	0.01	Purchased	1013960	0.25
				28.02.2020	22410	0.00	Purchased	1036370	0.25
				06.03.2020	-38768	0.01	Sold	997602	0.24
				13.03.2020	61709	0.02	Purchased	1059311	0.26
				20.03.2020	769733	0.19	Purchased	1829044	0.45
				27.03.2020	240917	0.06	Purchased	2069961	0.51
				31.03.2020	9814	0.00	Purchased	2079775	0.51
				31.03.2020				2079775	0.51
5	SUSHMITA ASHISH KACHOLIA	0	0.00	02.08.2019	116151	0.03	Purchased	116151	0.03
				09.08.2019	1234987	0.3	Purchased	1351138	0.33
				16.08.2019	360967	0.09	Purchased	1712105	0.42
				23.08.2019	287895	0.07	Purchased	2000000	0.49
				31.03.2020				2000000	0.49
6	SIMON FERNANDES	1880025	0.46	31.03.2020	-	-	-	1880025	0.46
7	SPDR S AND P EMERGING MARKETS ETF	1485117	0.36	05.04.2019	15264	0.01	Purchased	1500381	0.37
				12.04.2019	15336	0.00	Purchased	1515717	0.37
				17.05.2019	-32691	0.01	Sold	1483026	0.36
				07.06.2019	-15416	0.00	Sold	1467610	0.36
				14.06.2019	-11580	0.00	Sold	1456030	0.36
				26.07.2019	-19280	0.01	Sold	1436750	0.35
				16.08.2019	-10902	0.00	Sold	1425848	0.35
				23.08.2019	-25155	0.01	Sold	1400693	0.34
				26.09.2019	-29295	0.00	Sold	1371398	0.34
				04.10.2019	38520	0.00	Purchased	1409918	0.34
				01.11.2019	13503	0.01	Purchased	1423421	0.35
				08.11.2019	13503	0.00	Purchased	1436924	0.35
				15.11.2019	38606	0.01	Purchased	1475530	0.36
				29.11.2019	23196	0.01	Purchased	1498726	0.37
				13.12.2019	23208	0.00	Purchased	1521934	0.37
				20.12.2019	19340	0.01	Purchased	1541274	0.38
				27.12.2019	117924	0.03	Purchased	1659198	0.41
				10.01.2020	70908	0.01	Purchased	1730106	0.42
				17.01.2020	29888	0.01	Purchased	1759994	0.43
				24.01.2020	50409	0.01	Purchased	1810403	0.44
				13.03.2020	-14968	0.00	Sold	1795435	0.44
				20.03.2020	-13125	0.00	Sold	1782310	0.44
				31.03.2020	28185	0.00	Purchased	1810495	0.44
				31.03.2020				1810495	0.44
8	DIMENSIONAL EMERGING MARKETS VALUE FUND	1388065	0.34	12.04.2019	123906	0.03	Purchased	1511971	0.37
				19.04.2019	40179	0.01	Purchased	1552150	0.38
				26.04.2019	38472	0.01	Purchased	1590622	0.39

Sr. No.	Name of the Shareholders	Shareholdings		Date wise Increase Decrease in Shareholdings during the year	No. of Shares	% of total shares of the co.	Reason	Cumulative Shareholding during the year	
		No. of Shares at the begining of the year	% of total shares of the co.					No. of Shares	% of total shares of the company
				03.05.2019	34487	0.01	Purchased	1625109	0.40
				10.05.2019	88585	0.02	Purchased	1713694	0.42
				24.05.2019	32930	0.01	Purchased	1746624	0.43
				31.05.2019	41906	0.01	Purchased	1788530	0.44
				21.06.2019	43227	0.01	Purchased	1831757	0.45
				15.11.2019	-90323	0.02	Sold	1741434	0.43
				31.03.2020				1741434	0.43
9	THE EMERGING MARKETS SMALL CAP SERIES OF THE DFA INVESTMENT TRUST COMPANY	1431414	0.35	10.05.2019	-44870	0.01	Sold	1386544	0.34
				31.03.2020				1386544	0.34
10	MV SCIF MAURITIUS	1327565	0.32	26.04.2019	5873	0.01	Purchased	1333438	0.33
				10.05.2019	-91530	0.03	Sold	1241908	0.30
				31.05.2019	12873	0.01	Purchased	1254781	0.31
				14.06.2019	30488	0.00	Purchased	1285269	0.31
				28.06.2019	-44867	0.01	Sold	1240402	0.30
				05.07.2019	-30346	0.00	Sold	1210056	0.30
				12.07.2019	-30344	0.01	Sold	1179712	0.29
				26.07.2019	2603	0.00	Purchased	1182315	0.29
				20.09.2019	-384490	0.10	Sold	797825	0.19
				26.09.2019	-797825	0.19	Sold	0	0.00
				31.03.2020				0	0.00

# Annexure - E

## Annexure to the Report of the Board of Directors

**The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

### 1. Ratio of remuneration of each Director to the median remuneration of employees

- a. Mr. Mark Saldanha, Managing Director: 54.29
- b. Mrs. Sandra Saldanha, Whole-time Director: 36.58
- c. Mr. Varddhman Vikramaditya Jain, Whole-time Director: 71.55

### 2. Percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year ended 31st March, 2020

- a. Mr. Mark Saldanha, Managing Director: 0
  - b. Mrs. Sandra Saldanha, Whole-time Director: 0
  - d. Mr. Varddhman Vikramaditya Jain, Whole-time Director: 0
  - e. Mr. Jitendra Sharma, Chief Financial Officer: 13
  - f. Mr. Harshavardhan Panigrahi, Company Secretary: 11
3. Percentage increase in the median remuneration of employees in the financial year ended 31st March, 2020 in comparison to the financial year ended 31st March, 2019: 54.67
4. Number of permanent employees as on 31st March, 2020: 790
5. a. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year: 9.02
- b. Percentile increase in the managerial remuneration in the last financial year:
- i. Mr. Mark Saldanha, Managing Director: 0
  - ii. Mrs. Sandra Saldanha, Whole-time Director: 0
  - iii. Mr. Varddhman Vikramaditya Jain, Whole-time Director: 0
  - iv. Mr. Jitendra Sharma, Chief Financial Officer: 25
  - v. Mr. Harshavardhan Panigrahi, Company Secretary: 6
- c. Justification of the above: Remuneration is based on individual performance
- d. Any exceptional circumstances for increase in the managerial remuneration: None
6. The remuneration of all the Directors, Key Managerial Personnel and other employees are as per the remuneration policy of the Company.

# Annexure - F

## Annexure to the Report of the Board of Directors

### Statement of particulars of top ten employees in terms of remuneration pursuant to provisions of Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1	Name of Employee	Mr. Mark Saldanha	Mrs. Sandra Saldanha	Mr. Jitendra Sharma
2.	Age	47 Years	48 Years	50 Years
3.	Qualification	Science Graduate	MA (Sociology)	B.Com, CA and CWA
4.	Experience	24 Years	24 Years	27 Years
5.	Designation	Managing Director	Whole-time Director	Chief Financial Officer
6.	Date of Commencement of Employment	6th October, 2005	25th September, 2014	06th September 2002
7.	Gross Remuneration	₹1,04,32,320	₹70,29,564	₹1,24,48,380
8.	Previous Employment	-	-	-
9.	Percentage of equity shares held in the Company	48.25% (197491553 equity shares of ₹1/- each)	- (180 equity Shares of ₹1/- each)	Nil
10.	Whether relative of any director or manager of the Company	Relative of Mrs. Sandra Saldanha, Whole-time Director	Relative of Mr. Mark Saldanha, Managing Director	No

1	Name of Employee	Mr. Varddhman V. Jain	Mr. Sunil K Rane	Mr. Sopan Pisal	Mr. Subhendu Mohanty
2.	Age	50 Years	50 Years	48 Years	50 Years
3.	Qualification	M. Pharm	PG Diploma - Analytical Chemistry	PG Diploma - Analytical Chemistry	B. Tech, B.E. (Industrial)
4.	Experience	28 Years	27 Years	26 Years	26 Years
5.	Designation	Site Director - Goa Plant (Whole-time Director)	Sr. VP - QC	Director - QA	Sr. GM - Engineering & Project
6.	Date of Commencement of Employment	24th May, 2016	4th April, 2016	10th March, 2016	5th April, 2018
7.	Gross Remuneration	₹1,37,49,828.00	₹86,07,083.52	₹49,79,316.48	₹37,14,376.82
8.	Previous Employment	Watson Pharma Pvt. Ltd.	Cipla Ltd.	Emcure Pharmaceuticals Ltd.	Watson Pharma Pvt. Ltd.
9.	Percentage of equity shares held in the Company	Nil	Nil	Nil	Nil
10.	Whether relative of any director or manager of the Company	No	No	No	No

<b>1 Name of Employee</b>	<b>Mr. Piyush Joshi</b>	<b>Mr. Bharatrajan Ramaswami</b>	<b>Mr. Supratika Tripathi</b>
2. Age	44 Years	51 years	60 years
3. Qualification	M.Sc. (Analytical Chemistry)	M. Pharm	M.Pharm
4. Experience	21 Years	27 Years	35 Years
5. Designation	GM – Analytical & Development	Chief Scientific Officer	Director - Operations
6. Date of Commencement of Employment	1st August, 2016		9th September, 2019
7. Gross Remuneration	₹29,69,172.48	₹46,63,806.00	₹32,93,209.31
8. Previous Employment	Micro Labs Limited	Dr. Reddy's Laboratories Limited	Sun Pharmaceuticals Limited
9. Percentage of equity shares held in the Company	Nil	Nil	Nil
10. Whether relative of any director or manager of the Company	No	No	No

**There is no employee employed during the year drawing remuneration exceeding the limits prescribed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.**

# Annexure - G

## Annexure to the Report of the Board of Directors

Form No. MR-3

## Secretarial Audit Report

For the financial year ended on 31st March, 2020

[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  
**Marksans Pharma Limited**  
11th Floor, Grandeur  
Veera Desai Extension Road  
Oshiwara, Andheri (West)  
Mumbai - 400053

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Marksans Pharma Limited** (CIN: L24110MH1992PLC066364) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification electronically of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 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.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 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 thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not Applicable to the Company during the Audit Period**);
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (**Not Applicable to the Company during the Audit Period**);
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not Applicable to the Company during the Audit Period**);
  - 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 (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable to the Company during the Audit Period)**;
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not Applicable to the Company during the Audit Period)**; and
  - i. The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015.
- (vi) The management has identified and confirmed the compliances of the following laws as specifically applicable to the Company:
- 1. Drugs and Cosmetics Act, 1940 and Drugs and Cosmetics Rules, 1945;
  - 2. Air (Prevention and Control of Pollution) Act, 1974;
  - 3. Water (Prevention and Control of Pollution) Act, 1981.

Having regard to the compliance system prevailing in the Company, I, further report that on the examination of the relevant records and documents in pursuance thereof, on test-check basis, the Company has complied with the same.

I have also examined compliance with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has generally complied with the Secretarial Standards issued by The Institute of Company Secretaries of India. Further the Company has generally complied with provisions of the Companies Act and Rules framed thereunder, Regulations and Guidelines subject to following observations:

- (i) The Company has made part expenditure towards Corporate Social Responsibility pursuant to Section 135 of the Act;
- (ii) As per Regulation 17 (1)(b) of SEBI (LODR) as on 1st April, 2019 the Board shall comprise of 3 Independent Directors, however later on appointment of new Independent Director on 11th July, 2019 the Board was duly constituted.
- (iii) As per Regulation 19(1)(a) of SEBI (LODR) the Nomination and Remuneration Committee shall consist of three directors as on 1st April, 2019, however later on appointment of new Independent Director on 11th July, 2019 the Committee was duly constituted.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, 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.

Adequate notice is 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.

Decisions at the meetings of the Board of Directors were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, there were no specific events/actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

**Khushboo Chinal Shah**  
Practicing Company Secretary

Place: Mumbai  
Date: 04th August, 2020

Membership No. A29194  
CP No. 10560  
UDIN: A029194B000588005

**Note:** This report is to be read with my letter of even date which is annexed as 'Annexure A' and forms an integral part of this report.

## Annexure A

To  
The Members  
**Marksans Pharma Limited**  
11th Floor, Grandeur  
Veera Desai Extension Road  
Oshiwara, Andheri (West)  
Mumbai - 400053

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes 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. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. 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.
7. Due to the outbreak of COVID 19 and a country wide lock down, we have conducted the audit and relied upon the information, documents, forms, returns, papers and other records maintained by Company and provided to us electronically.

**Khushboo Chinal Shah**  
Practicing Company Secretary

Place: Mumbai  
Date: 04th August, 2020

Membership No. A29194  
CP No. 10560  
UDIN: A029194B000588005



# Business Responsibility Report 2019-20

## Section A: General Information about the Company

Sr. No.	Particulars	Details
1.	Corporate Identity Number (CIN) of the Company	L24110MH1992PLC066364
2.	Name of the Company	MARKSANS PHARMA LIMITED
3.	Registered address	11th Floor, Grandeur, Veera Desai Extension Road, Oshiwara, Andheri (W), Mumbai- 400053
4.	Website	www.marksanspharma.com
5.	E-mail id	companysecretary@marksanspharma.com
6.	Financial Year reported	1st April, 2019 to 31st March, 2020
7.	Sector(s) that the Company is engaged in	Pharmaceuticals
8.	List three key products/ services that the Company manufactures/ provides (as in balance sheet)	Solid Orals, Tablets and Capsules (including Soft Gelatin Capsules)
9.	Total number of locations where business activity is undertaken by the Company	<p><b>In India</b></p> <p><b>Corporate Office:</b> 11th Floor, Grandeur, Veera Desai Extension Road, Oshiwara, Andheri (W), Mumbai- 400053</p> <p><b>Manufacturing facility:</b> Plot no. L-82 &amp; 83, Verna Industrial Estate, Verna, Goa – 403722.</p> <p><b>Overseas</b></p> <ol style="list-style-type: none"> <li>1. Bell, Sons &amp; Co (Druggists) Ltd. Slaidburn Crescent, Southport, PR9 9AL.</li> <li>2. Relonchem Limited Cheshire House, Gorsey Lane Widnes Cheshire, WA8 ORP, UK.</li> <li>3. Time-Cap Laboratories Inc. 7, Michael Avenue, Farmingdale, New York – 11735, USA.</li> <li>4. Nova Pharmaceuticals Australasia Pty Ltd. Suite 305, 10 Norbik Drive, Bella Vista NSW 2153, Australia</li> </ol>
10.	Markets served by the Company – Local/ State/ National/ International/	More than 20 countries

## Section B: Financial Details of the Company

Sr. No.	Particulars	Details
1.	Paid up Capital (INR)	45,93,13,698.00
2.	Total Turnover (INR)	4,33,41,50,443.00
3.	Total profit after taxes (INR)	38,06,69,594.00
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	0.63
5.	List of activities in which expenditure in 4 above has been incurred	See Annexure - A

## Section C: Other Details

### 1. Does the Company have any Subsidiary Company/ Companies?

- Yes. The Company has 9 foreign Subsidiary Companies as on 31.03.2020.

### 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)

- No. All the Company's subsidiaries are foreign entities.

### 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%]

- No.

## Section D: BR Information

### 1. Details of Director/Directors responsible for BR

#### a) Details of the Director/Director responsible for implementation of the BR policy/policies:

The Board of Directors of the Company is responsible for the BR.

#### b) Details of the BR head:

Mr. Mark Saldanha (DIN: 00020983), Managing Director of the Company, oversees the BR implementation. Telephone No. 022 4001 2000, E-mail Id: info@marksanspharma.com.

### 2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

#### P1

Ethics, Transparency and Accountability

#### P2

Safety and sustainability throughout the life cycle of goods and services

#### P3

Well-being of all employees

#### P4

Respecting interest of all stakeholders especially those who are disadvantaged, vulnerable and marginalised

#### P5

Promotion of human rights

#### P6

Protection of environment

#### P7

Responsibly influencing public and regulatory policy

#### P8

Inclusive growth and equitable development

#### P9

Value addition to customers and consumers

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for	Y	Y	Y	N	Y	Y	N	Y	N
2	Has the policy being formulated in consultation with the relevant stakeholders?	-	-	-	-	-	-	-	-	-
3	Does the policy conform to any national /international standards? If yes, specify? (50 words)	-	-	-	-	-	-	-	-	-
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	-	Y	Y	-	Y	-
5	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	-	Y	Y	-	Y	-
6	Indicate the link for the policy to be viewed online?	*	-	-	-	-	-	-	-	-
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	-	Y	Y	-	Y	-
8	Does the Company have in-house structure to implement the policy/policies.	Y	Y	Y	-	Y	Y	-	Y	-
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	-	Y	Y	-	Y	-
10	Has the company carried out independent 3 audit/ evaluation of the working of this policy by an internal or external agency?	-	-	-	-	-	-	-	-	-

**2a. If answer to Sr. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)**

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles									
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year	-	-	-	√	-	-	-	-	√
6	Any other reason (please specify)							√#		

\* [www.marksanspharma.com](http://www.marksanspharma.com)

# It is a general practice to present industry concern to the Government through trade and industry associations.

**3. Governance related to BR**

\* 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

- Annually

\* Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

- The BR report for 2019-20 can be accessed through the link [www.marksanspharma.com](http://www.marksanspharma.com). It is published annually when applicable.

## Section E: Principle-wise performance

### Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

The Company has in place policies and procedures to ensure high level of governance and ethics, transparency and accountability in business transactions. The Company has also in place a whistle blower policy under which directors and employees can report their genuine concerns, actual or suspected fraud or violation of the Company's codes of conduct. During the year, the Company has not received any complaints on unethical practices.

### Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

With strong R&D capability, the Company manufactures quality products that meet standard of major health authorities globally. The Company has a relentless focus on Quality Control and Quality Assurance. Strict adherence to cGMP norms as well as our efforts towards continuous improvement of product, process and the skill of work force enables us to improve our offerings to our customers and consumers on a regular basis. The Company makes optimum utilisation of resources in its manufacturing processes.

### Principle 3: Businesses should promote the well-being of all employees

The Company is committed to ensure safety, sound health and overall well being of the employees at all the work places. The Company maintains equal opportunity in employee recruitment irrespective of caste, creed, gender, race and religion. The Company does not employ child labor, forced labor, or any form of involuntary labor. It provides healthy work environment to its employees.

The Company is fully committed to uphold and maintain dignity of women working in the Company and has zero tolerance towards any actions which may fall under the ambit of sexual harassment at work place. To ensure this, the Company has in place a Prevention of Sexual Harassment Policy.

As on 31st March, 2020, the Company has 80 women employees out of the total permanent employee strength of 790.

No complaint pertaining to child labor, forced labor or involuntary labor was reported during the year. Further, no complaint related to sexual harassment of woman at the work place was received.

Safety and skill up-gradation training is imparted to the employees periodically.

### Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

Not Applicable

### Principle 5: Businesses should respect and promote human rights

Marksans believes that all its employees live with social and economic dignity and freedom regardless of nationality, gender, race, economic status or religion. All its business associates like suppliers, service providers and customers should be treated likewise and also they should not suffer in any respect due to any action or inaction of the Company. Therefore, Marksans ensure that it upholds the spirit of human rights. Marksans believes the business should support and report the protection of internationally proclaimed human rights and make sure that they are not complicit in human right abuses. The Company has in place a policy on protection of human rights. During the year, the Company has not received any complaints on human rights violation.

### Principle 6: Businesses should respect, protect, and make efforts to restore the environment

Marksans continuously endeavors to protect the environment through all possible ways. Company's processes are more resource efficient, uses renewable energy sources and minimises release of wastes in the environment. Emissions/Wastes generated by the Company are within the permissible limits and during the year, the Company has not received any show cause or legal notice on environment issue. The Company's plant is environment regulations compliant.

### Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

The Company is a member of Bombay Chamber of Commerce and does participate in presenting industry related issues to the Government.

### Principle 8: Businesses should support inclusive growth and equitable development.

The Company is continuously exploring various focus areas for its CSR activities and is also in the process of identifying NGOs working in the areas of health and education to support them in their endeavors.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

Every endeavor is made to achieve maximum customer satisfaction by manufacturing world class quality product and ensuring fair treatment in all customer dealings. The Company complies with all applicable labeling standards. Customer's complaints are attended on priority basis.

There is no customer complaints/ consumer cases pending resolutions at the end of the financial year. There is no case against the Company regarding unfair trade practice, irresponsible advertising, anti-competitive behavior during the last five years. The Company carries out consumer survey periodically.

## Annexure – A

List of activities in which expenditure on Corporate Social Responsibility has been incurred

### 1. Ministry of Health, Government of Goa

The Company is contributing financial aid to Ministry of Health, Government of Goa in its endeavour to fulfill its Corporate Social Responsibility objectives in the area of women and child development, professionalising Anganwadis and national nutrition mission in Goa.

The Company has also provided fire extinguishing equipments to the fire department, Government of Goa.

### 2. Cherish Life India Foundation

The Company is contributing financial aid to Cherish Life India Foundation. Cherish Life India Foundation is an NGO that provides medical treatment and comprehensive care for the under privileged and marginalised sections of the society suffering from cancer and other blood disorders.

Cherish Life India Foundation has partnered with a renowned government municipal hospital Lokmanya Tilak Medical College and General Hospital, (commonly known as Sion Hospital) with a focus on Paediatric Haematology Oncology. Cherish Life India Foundation has developed a 20 bedded Paediatric Haematology Oncology ward for providing highest standards of care and treatment to the most needy children suffering from cancer from across the state of Maharashtra and other parts of the country.

### 3. Sri Sathya Sai Mobile Medicare Project

The Company is providing free medicines to Sri Sathya Sai Mobile Medicare Project. Sri Sathya sai Mobile Medicare Project, with a fleet of over 50 mobile medical vans has been providing primary and preventive medical aid to the needy and backward segment of society totally free of cost. Since inception nearly 55 lakhs patients, spread over 27 districts of Maharashtra and Goa, have benefited immensely due to the quality healthcare provided to them at their doorstep.



# **STANDALONE FINANCIAL STATEMENTS**

# Independent Auditors' Report

To the Members of  
**Marksans Pharma Limited**

## REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

### OPINION

We have audited the accompanying standalone financial statements of **Marksans Pharma Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements gives a true and fair view in conformity, with the aforesaid Ind AS and other accounting principles generally accepted in India prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit (other comprehensive income), changes in equity and its cash flows for the year ended on that date.

### BASIS FOR OPINION

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SA's") 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 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 ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have

fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### EMPHASIS OF MATTER:

World Health Organisation (WHO) declared outbreak of Coronavirus Disease (COVID-19) a global pandemic on March 11, 2020. Consequent to this, Government of India declared lockdown on March 23, 2020 and the Company temporarily suspended the operations in all its manufacturing units in compliance with the lockdown instructions issued by the Central and State Governments. COVID-19 has impacted the normal business operations of the Company by way of interruption in production, product supply, unavailability of personnel, closure/lock down of production facilities etc. during the lock-down period. The management believes that no adjustments are required in the financial statements as it does not impact the current financial year, however, in view of the various preventive measures taken (such as complete lock-down restrictions by the Government of India, travel restrictions, etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.

Our opinion is not modified in respect of above matter.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response								
1.	<p><b>Investment in Subsidiaries:</b></p> <p>Investment constitute significance portion of the standalone financial statements. The Company has investments of ₹2,360.74 million in subsidiaries as at March 31, 2020 and all subsidiaries are located outside India.</p> <p>The Company has following investments in the Equity Instruments in Subsidiary Companies:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Name of Subsidiary</th> <th style="text-align: left;">Extent of Holding (%)</th> </tr> </thead> <tbody> <tr> <td>Nova Pharmaceuticals Australasia Pty Ltd.</td> <td style="text-align: right;">60%</td> </tr> <tr> <td>Marksans Pharma (UK) Ltd.</td> <td style="text-align: right;">100%</td> </tr> <tr> <td>Marksans Pharma Inc.</td> <td style="text-align: right;">100%</td> </tr> </tbody> </table>	Name of Subsidiary	Extent of Holding (%)	Nova Pharmaceuticals Australasia Pty Ltd.	60%	Marksans Pharma (UK) Ltd.	100%	Marksans Pharma Inc.	100%	<p>The Management of the Company provided financial statements of all subsidiaries. We followed appropriate audit procedure to evaluate financial statements of subsidiaries.</p> <p>Following are the assertions for Investment in subsidiaries:</p> <ul style="list-style-type: none"> <li>• Investment are properly described and classified in the standalone financial statements</li> <li>• Investment represents investments actually owned by the Company.</li> </ul>
Name of Subsidiary	Extent of Holding (%)									
Nova Pharmaceuticals Australasia Pty Ltd.	60%									
Marksans Pharma (UK) Ltd.	100%									
Marksans Pharma Inc.	100%									

### INFORMATION OTHER THAN THE STANDALONE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our report thereon.

Our opinion on the standalone 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITY OF MANAGEMENT FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation 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 relevant rules issued thereunder. This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 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 RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone 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 the standalone 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 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 financial controls 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 system 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 standalone 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 financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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 financial statements of the current period 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

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account;
  - d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
    - iii. There is no requirement for transferring amounts, during the year, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **"Annexure B"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

For **Bhuta Shah & Co LLP**  
*Chartered Accountants*  
Firm Registration No. 101474W / W100100

**Tejas Laliwala**  
Partner  
Membership No. 127487  
UDIN: 20127487AAAABH7332

**Mumbai; 02 June, 2020**

# Annexure “A” to Independent Auditors’ Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Marksans Pharma Limited of even date)

## Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

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

### OPINION

We have audited the internal financial controls with reference to the financial statements of Marksans Pharma Limited (“the Company”) as on March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to the financial statements and such internal financial controls were operating effectively as at March 31, 2020, based on the internal control with reference to the financial statements 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 (“the Guidance Note”).

### MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company’s management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal controls with reference to the financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 company’s policies, the safeguarding of its assets, the prevention and detection of frauds errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### AUDITORS’ RESPONSIBILITY

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to the financial

statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the financial statements. 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 the financial statements were established and maintained and whether 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 system with reference to the financial statements and their operating effectiveness.

Our audit of internal financial controls with reference to the financial statements included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, 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 system with reference to the financial statements.

### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company’s internal financial controls with reference to the financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting 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.

### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur

and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **Bhuta Shah & Co LLP**

*Chartered Accountants*

Firm Registration No. 101474W / W100100

**Tejas Laliwala**

Partner

Membership No. 127487

UDIN: 20127487AAAAABH7332

**Mumbai; 02 June, 2020**

# Annexure “B” to Independent Auditors’ Report

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Marksans Pharma Limited of even date.)

## **i. In respect of property, plant and equipment (fixed assets):**

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the property, plant and equipment (fixed assets).
- b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and nature of its fixed assets. Pursuant to such programme, certain fixed assets have been physically verified by the management during the year. As informed, no material discrepancies were noticed on such verification.
- c) According to information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties, as reflected in the schedule of property, plant and equipment, are held in the name of the Company wherever those are freehold. In respect of immoveable properties of land that have been taken on lease and disclosed in the financial statements as property, plant and equipment, the lease agreements are in the name of the Company where the Company is lessee in the agreement.

## **ii. In respect of its inventories:**

The Inventories, except goods in transit and stocks lying with third parties, have been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on physical verification between physical stocks and book records were not material and have been dealt with in the books of account.

- iii. According to the information and explanations given to us, the Company has granted unsecured interest free loan to one subsidiary covered in the register maintained under Section 189 of the Act, in respect of which:

- 1) The terms and conditions of the loans are, in our opinion, prima facie, not prejudicial to the Company’s interest.

- 2) According to the information and explanations given to us, there is no stipulation of schedule of repayment of principal and therefore, we are unable to comment on the regularity of repayment of principal. However, the principal has been repaid during the year.

- 3) In absence of any stipulation with regard to repayment, there is no overdue amount and hence clause (iii)(c) of Para 3 is not applicable to the Company.

- iv. In our opinion and according to information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public in accordance with the provisions of Section 73 to 76 of the Act and rules framed thereunder. Accordingly, the provisions of Clause (v) of Para 3 of the Order is not applicable to the Company.

- vi. According to the information and explanations given to us, 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 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the same.

## **vii. In respect of statutory dues:**

- a) According to the information and explanations given to us and based on the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues, including provident fund, Employees’ State Insurance, Income-tax, Custom duty, Goods and Service tax, cess and/or any other material statutory dues wherever applicable, to the appropriate authorities. According to the information and explanations given to us, there were no outstanding material statutory dues as on March 31, 2020 for a period of more than six months from the date they became payable.

- b) Details of dues of Income Tax, Sales Tax, Service Tax, Excise duty, Goods and Service Tax, and Value Added Tax which have not been deposited as on March 31, 2020 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which amount relates	Amount involved (₹)
Income Tax	IT matters under dispute (Penalty Case)	High Court	AY 2006-07	57,99,493

**viii.** In our opinion and according to the information and explanations given to us, the Company has not defaulted, during the year, in the repayment of dues to banks, financial institutions or government. The Company did not have any outstanding debentures during the year.

**ix.** Based on our audit procedures and on the basis of information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans. Accordingly, the Clause (ix) of Para 3 of the Order is not applicable to the Company.

**x.** Based upon the audit procedures performed and the information and explanations given by the management, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

**xi.** Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

**xii.** In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company as specified under Section 406 of the Act. Accordingly, the provisions of Clause (xii) of Para 3 of the Order is not applicable to the Company.

**xiii.** According to the information and explanations given to us and based on our examination of the records of the

Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.

**xiv.** According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence, reporting under Clause (xiv) of the Order is not applicable to the Company.

**xv.** According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with the directors and hence, provisions of Section 192 of the Companies Act are not applicable.

**xvi.** The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Bhuta Shah & Co LLP**  
Chartered Accountants  
Firm Registration No. 101474W / W100100

**Tejas Laliwala**  
Partner  
Membership No. 127487  
UDIN: 20127487AAAABH7332

**Mumbai; 02 June, 2020**

# Balance Sheet

as at March 31, 2020

Particulars	Notes	As at March 31, 2020 (₹)	As at March 31, 2019 (₹)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	1,00,41,01,032	97,18,62,051
Intangible assets	3	14,77,23,064	5,42,72,818
<b>Financial assets</b>			
(i) Investments	4	2,36,07,39,875	2,36,07,39,875
(ii) Other non-current financial assets	5	2,04,76,506	1,29,19,961
<b>Total non-current assets</b>		<b>3,53,30,40,477</b>	<b>3,39,97,94,705</b>
<b>Current assets</b>			
Inventories	6	74,60,20,542	70,36,36,943
<b>Financial Assets</b>			
(i) Trade receivables	7	1,61,86,88,146	1,77,82,97,309
(ii) Cash and cash equivalents	8	3,35,23,210	1,80,00,481
(iii) Other Financial Assets	9	20,44,929	14,87,12,748
Other current assets	10	62,03,100	7,14,36,034
<b>Total current assets</b>		<b>2,40,64,79,927</b>	<b>2,72,00,83,515</b>
<b>TOTAL ASSETS</b>		<b>5,93,95,20,404</b>	<b>6,11,98,78,220</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	11	40,93,13,698	40,93,13,698
Other Equity			
Reserves and Surplus	12	4,64,69,38,563	4,29,64,29,619
<b>Total equity</b>		<b>5,05,62,52,261</b>	<b>4,70,57,43,317</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings		-	-
(ii) Other financial liabilities	13	5,00,00,000	10,00,00,000
Deferred tax liabilities (Net)	14	10,79,38,444	7,02,92,948
Other non-current liabilities	15	10,76,15,359	-
Provisions	16	1,47,45,756	1,35,57,402
<b>Total non current liabilities</b>		<b>28,02,99,559</b>	<b>18,38,50,350</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	17	-	77,32,69,848
(ii) Trade payables	18		
a) MSME		19,60,531	10,60,945
b) Other		50,62,96,188	37,11,94,784
(iii) Other financial liabilities	19	7,68,25,889	7,33,68,376
Provisions	20	55,05,613	56,17,177
Current tax liabilities (Net)	21	1,23,80,363	57,73,423
<b>Total current liabilities</b>		<b>60,29,68,584</b>	<b>1,23,02,84,553</b>
<b>Total liabilities</b>		<b>88,32,68,143</b>	<b>1,41,41,34,903</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,93,95,20,404</b>	<b>6,11,98,78,220</b>

See significant accounting policies and accompanying notes to the financial statements.

As per our report of even date.

**FOR AND ON BEHALF OF**

**Bhuta Shah & Co LLP**

Chartered Accountants

Firm Registration No.: 101474W/W100100

**TEJAS LALIWALA**

Partner

Membership No.: 127487

Place : Mumbai

Date : 02nd June, 2020

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**MARK SALDANHA**

Chairman & Managing Director

DIN: 00020983

**HARSHAVARDHAN PANIGRAHI**

Company Secretary & Legal Manager

**SANDRA SALDANHA**

Whole - time Director

DIN: 00021023

**JITENDRA SHARMA**

Chief Financial Officer

# Statement of Profit and Loss

for the year ended March 31, 2020

Particulars	Notes	2019-2020 (₹)	2018-19 (₹)
<b>INCOME</b>			
Revenue from operations	22	4,33,41,50,443	4,24,16,01,968
Other income	23	17,33,145	7,93,04,313
<b>Total Income</b>		<b>4,33,58,83,588</b>	<b>4,32,09,06,281</b>
<b>EXPENSES</b>			
Cost of materials consumed	24	2,09,20,18,720	2,08,14,16,393
Purchases of Stock-in-Trade		39,46,01,288	30,90,66,890
Changes in inventories of finished goods, work-in-process and Stock-in-trade	25	(5,62,96,503)	(2,70,86,525)
Employee benefits expense	26	48,50,56,208	46,32,99,275
Finance costs	27	7,29,17,388	6,56,21,921
Depreciation and amortisation expense	28	11,64,41,555	8,68,71,682
Other expenses	29	70,38,74,624	78,16,04,415
<b>Total expenses</b>		<b>3,80,86,13,280</b>	<b>3,76,07,94,051</b>
<b>Profit before tax</b>		<b>52,72,70,308</b>	<b>56,01,12,230</b>
<b>Tax expense:</b>			
(1) Current Year		11,59,99,467	12,10,92,667
(2) Earlier year		(45,29,848)	(72,04,223)
(3) Deferred tax		3,67,66,863	1,00,48,779
<b>Total Tax Expenses</b>		<b>14,82,36,482</b>	<b>12,39,37,223</b>
<b>Profit for the Year</b>		<b>37,90,33,826</b>	<b>43,61,75,007</b>
<b>Other Comprehensive Income/(Loss)</b>			
<b>Items that will not be reclassified to Statement of Profit and Loss</b>			
- Remeasurement of the net defined benefit plans		25,14,400	4,56,009
- Income tax relating to above		(8,78,632)	(1,32,790)
<b>Other Comprehensive Income/(Loss) for the year</b>		<b>16,35,768</b>	<b>3,23,219</b>
<b>Total Comprehensive income for the year</b>		<b>38,06,69,594</b>	<b>43,64,98,226</b>
Earnings per equity share of ₹ 1 each			
(1) Basic (in ₹)		0.93	1.07
(2) Diluted (in ₹)		0.93	1.07

See significant accounting policies and accompanying notes to the financial statements.

As per our report of even date.

## FOR AND ON BEHALF OF

### Bhuta Shah & Co LLP

Chartered Accountants

Firm Registration No.: 101474W/W100100

### TEJAS LALIWALA

Partner

Membership No.: 127487

Place : Mumbai

Date : 02nd June, 2020

## FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

### MARK SALDANHA

Chairman & Managing Director

DIN: 00020983

### HARSHAVARDHAN PANIGRAHI

Company Secretary & Legal Manager

### SANDRA SALDANHA

Whole - time Director

DIN: 00021023

### JITENDRA SHARMA

Chief Financial Officer



# Statement of Change in Equity

for the year ended 31st March, 2020

## A SHARE CAPITAL

Particulars	Equity Shares of ₹1/- each		7% Redeemable Cumulative Preference Shares of ₹100/- each	
	Number	₹	Number	₹
Shares outstanding at 01.04.2019	40,93,13,698	40,93,13,698	10,00,000	10,00,00,000
Shares Issued during the Period	-	-	-	-
Shares redeemed during the Period	-	-	5,00,000	5,00,00,000
<b>Shares outstanding at 31.03.2020</b>	<b>40,93,13,698</b>	<b>40,93,13,698</b>	<b>5,00,000</b>	<b>5,00,00,000</b>
Shares outstanding at 01.04.2018	40,93,13,698	40,93,13,698	10,00,000	10,00,00,000
Shares Issued during the Period	-	-	-	-
Shares redeemed during the Period	-	-	-	-
<b>Shares outstanding at 31.03.2019</b>	<b>40,93,13,698</b>	<b>40,93,13,698</b>	<b>10,00,000</b>	<b>10,00,00,000</b>

## B OTHER EQUITY

Particulars	RESERVES AND SURPLUS					
	Capital Reserves	Capital Redemption Reserve	Securities Premium Account	General Reserve	Surplus	TOTAL
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
Balance as at 1 April 2019	1,22,500	3,50,00,000	1,75,13,17,328	3,13,73,65,569	(62,73,75,778)	4,29,64,29,619
Profit for the Period	-	-	-	-	3,79,03,33,826	3,79,03,33,826
Other comprehensive income-						
Remeasurement of the net defined benefit plans (net of tax)					16,35,768	16,35,768
Transactional impact on account of adoption of Ind AS 116 - Leases					(54,88,183)	(54,88,183)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,75,18,14,411</b>	<b>3,75,18,14,411</b>
On Redemption of Preference Share		5,00,00,000			(5,00,00,000)	-
Dividend for the year					(2,46,72,467)	(2,46,72,467)
<b>Balance as at 31 March 2020</b>	<b>1,22,500</b>	<b>8,50,00,000</b>	<b>1,75,13,17,328</b>	<b>3,13,73,65,569</b>	<b>(32,68,66,834)</b>	<b>4,64,69,38,563</b>
Balance as at 1 April, 2018	1,22,500	3,50,00,000	1,75,13,17,328	3,13,73,65,569	(1,04,34,08,319)	3,88,03,97,078
Profit for the Period					43,61,75,007	43,61,75,007
Other comprehensive income-						
Remeasurement of the net defined benefit plans (net of tax)					3,23,219	3,23,219
Total comprehensive income for the year	-	-	-	-	43,64,98,226	43,64,98,226
On Redemption of Preference Share						
Dividend for the year					(2,04,65,685)	(2,04,65,685)
<b>Balance as at 31 March 2019</b>	<b>1,22,500</b>	<b>3,50,00,000</b>	<b>1,75,13,17,328</b>	<b>3,13,73,65,569</b>	<b>(62,73,75,778)</b>	<b>4,29,64,29,619</b>

FOR AND ON BEHALF OF

**Bhuta Shah & Co LLP**

Chartered Accountants

Firm Registration No.: 101474W/W100100

**TEJAS LALIWALA**

Partner

Membership No.: 127487

Place : Mumbai

Date : 02nd June, 2020

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**MARK SALDANHA**

Chairman & Managing Director

DIN: 00020983

**HARSHAVARDHAN PANIGRAHI**

Company Secretary & Legal Manager

**SANDRA SALDANHA**

Whole - time Director

DIN: 00021023

**JITENDRA SHARMA**

Chief Financial Officer

# Notes to the Financial Statements

for the year ended 31st March, 2020

## BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1. COMPANY INFORMATION

Marksans Pharma Limited (the “Company”) is a public limited company incorporated in Mumbai, India. The registered office of the Company is at 11th Floor, Grandeur, Veera Desai Extension Road, Oshiwara, Andheri (West), Mumbai - 400053, India.

The Company is primarily engaged in the business of research, manufacture, marketing and sale of pharmaceutical formulation. The Company’s research and development facilities and manufacturing facilities are located at Plot no.L-82, & L-83, Verna Industrial Estate, Verna, Goa – 403722 and R&D centre at Navi Mumbai.

The Company’s shares are listed on the BSE Limited (“BSE”) and the National Stock Exchange of India Limited (“NSE”).

### 2. SIGNIFICANT ACCOUNTING POLICIES USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

#### 2.1. Basis of Accounting

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. For all periods up to and including the year ended 31st March 2017, the Company prepared its financial statements in accordance with accounting standards notified under the Section 133 of the Companies Act 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

The significant accounting policies that are used in the preparation of these financial statements are summarised below. These accounting policies are consistently used throughout the periods presented in the financial statements.

#### 2.2. Use of estimates

The preparation of financial statements in conformity with Ind AS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or area where assumptions and estimates are significant to these financial statements are disclosed in note 2.17 & 2.17.1.

These financial statements are prepared under the historical cost convention, except certain items which have been measured at their fair values, at the reporting date through profit or loss.

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial

# Notes to the Financial Statements

for the year ended 31st March, 2020

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 price in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

## 2.3. Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates prevailing at the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gain/Loss arising on account of differences in foreign exchange rates on settlement/translation of monetary assets and liabilities are recognised in the Statement of Profit and Loss, unless they are considered for Property, plant & equipment and as an adjustment to borrowing costs, in which case they are capitalised along with the borrowing cost.

## 2.4. Revenue recognition

### Sale of goods

Revenue is recognised when the significant risks and rewards of ownership are transferred to the buyer, there is no continuing management involvement with the goods, the amount of revenue can be measured reliably, recovery of the consideration is probable and the associated costs and possible return of goods can be estimated reliably. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, value added tax, GST and applicable trade discounts and allowances. Revenue includes shipping and handling costs billed to the customer.

Revenue from contract research is recognised in the statement of profit and loss when right to receive a non-refundable payment from outlicensing partner is established.

### Services

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

### Export entitlements

Export entitlements from government authorities are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Company, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

### Other income

Other income consists of interest income on funds invested (including available-for-sale financial assets), dividend income and gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in the statement of profit and loss, on time proportion basis. Dividend income is recognised in the statement of profit and loss on the date that the Company's right to receive payment is established.

# Notes to the Financial Statements

for the year ended 31st March, 2020

## 2.5. Property, Plant and Equipment

### Recognition and measurement

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

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

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

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

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

### Depreciation

Depreciation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of property, plant and equipment.

### The estimated useful lives are as follows:

Building- Factory	: 30 years
Building- Office	: 60 years
Plant and Equipment	: 15 years
Furnitures and Fixtures	: 10 years
Office Equipment	: 5 years
Vehicles	: 8 years
Computer and Software	: 3 to 6 years

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

Internally Generated ANDA, Market Authorisation, Product Licences & Others: 5 to 10 years.

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

Individual assets are classified into components, the material components are recorded in the ratio of their respective fair values on the date of acquisition.

Depreciation methods, useful lives and residual values are reviewed at each reporting date. Advances paid towards the acquisition of property, plant and equipment outstanding at the reporting date and the cost of property, plant and equipment not put to use/ready for its intended use before such date are disclosed under capital work in progress.

# Notes to the Financial Statements

for the year ended 31st March, 2020

## 2.6. Borrowing Costs

Borrowing costs primarily comprise interest on the Company's borrowings. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in 'finance costs'. Borrowing costs are recognised using the effective interest rate method.

## 2.7. Intangible Assets

### Research and development

Expenses on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognised in the statement of profit and loss as incurred.

Based on the management estimate of the useful lives indefinite useful life assets are tested for impairment and assets with limited life amortised on a straight-line basis over their useful economic lives from when the asset is available for use. During the periods prior to their launch (including periods when such products have been out-licensed to other companies), these assets are tested for impairment on an annual basis, as their economic useful life is indeterminable till then.

### De-recognition of intangible assets

Intangible assets are de-recognised either on their disposal or where no future economic benefits are expected from their use. Losses arising on such de-recognition are recorded in the statement of profit and loss and are measured as the difference between the net disposal proceeds, if any, and the carrying amount of respective intangible assets as on the date of de-recognition.

Intangible assets relating to products under development, other intangible assets not available for use and intangible assets having indefinite useful life are subject to impairment testing at each reporting date. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable. Any impairment losses are recognised immediately in the statement of profit and loss.

### Other intangible assets

Other intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which they relate.

Software for internal use, which is primarily acquired from third-party vendors, including consultancy charges for implementing the software, is capitalised. Subsequent costs are charged to the statement of profit and loss as incurred. The capitalised costs are amortised over the estimated useful life of the software.

### Amortisation

Amortisation of intangible assets, other than for goodwill, intangible assets not available for use and intangible assets having indefinite life, is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives from the date that they are available for use.

The useful lives of Intangible assets are estimated over 5 - 10 years.

# Notes to the Financial Statements

for the year ended 31st March, 2020

## 2.8. Impairment Testing of Property, Plant and Equipment, Goodwill and Intangible Assets

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

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. Impairment losses are recognised in the statement of profit and loss.

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

## 2.9. Investments and financial assets

### Classification

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

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

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

### Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

# Notes to the Financial Statements

for the year ended 31st March, 2020

## Measurement of debt instruments

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

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

## Measurement of equity instruments

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

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

## Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 2.18 details how the Company determines whether there has been a significant increase in credit risk. For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## De-recognition of financial assets

A financial asset is derecognised only when

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

# Notes to the Financial Statements

for the year ended 31st March, 2020

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

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

## Interest income from financial assets

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

## 210. Financial Liabilities

Non derivative financial liabilities include trade and other payables.

Borrowings and other financial liabilities are initially recognised at fair value (net of transaction costs incurred). Difference between the fair value and the transaction proceeds initially is recognised as an asset / liability based on the underlying reason for the difference. Subsequently all financial liabilities are measured at amortised cost using the effective interest rate method.

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

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

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

## 2.11. Inventories

Inventories of finished goods, consumable store and spares are valued at cost and net realisable value, whichever is lower. Cost of raw materials and packing materials is ascertained on a specific identification method. Cost of work-in-process and finished goods include the cost of materials consumed, labour and manufacturing overheads. Excise accrued on production of goods, as applicable, were included earlier in the valuation of inventories, in pre-GST era.

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

The factors that the Company considers in determining the allowance for slow moving, obsolete and other non-saleable inventory includes estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Company's



# Notes to the Financial Statements

for the year ended 31st March, 2020

business and markets. The Company considers all these factors and adjusts the inventory provision to reflect its fair value on a periodic basis.

## 2.12. Accounting for Income Taxes

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

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

Deferred tax is not recognised for the following temporary differences:

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

In addition, deferred tax is not recognised for taxable temporary differences arising upon the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

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

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

## 2.13. Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the company has concluded that no changes are required to lease period relating to the existing lease contracts.

# Notes to the Financial Statements

for the year ended 31st March, 2020

## Company is the lessee

The Company's lease asset classes primarily consist of leases for land, buildings and plant and machinery. The Company assesses whether a contract contains a lease, at inception of a contract. 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:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

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

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

## Company is the lessor

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

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

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

# Notes to the Financial Statements

for the year ended 31st March, 2020

## 2.14. Equity

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

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

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

## 2.15. Employee Benefits

### Short-term benefits

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

### Defined contribution plans

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

### Defined benefit plans

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

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

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

### Defined benefit costs are recognised as follows:

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

Service costs comprise of current service cost, past service cost, as well as gains and losses on curtailment and settlements. The benefit attributable to current and past periods of service is determined using the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier

# Notes to the Financial Statements

for the year ended 31st March, 2020

years, the benefit is attributed on a straight-line basis. Past service cost is recognised in the statement of profit and loss in the period of plan amendment. A gain or loss on the settlement of a defined benefit plan is recognised when the settlement occurs.

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

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

## Compensated leave of absence

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

## Termination benefits

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

## 2.16. Provisions, Contingent Liabilities and Contingent Assets

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

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

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

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

Contingent assets are not recognised.

## 2.17. Critical accounting estimates and significant judgment in applying accounting policies

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

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

# Notes to the Financial Statements

for the year ended 31st March, 2020

## (i) Leases

With effect from 1 April, 2019, the Company adopted Ind AS 116 “leases” (Ind AS 116) and supersedes Ind AS 17 “leases”. The Company has adopted Ind AS 116 using the retrospective modified approach. In accordance with Ind AS 116, at the inception of a contract, the Company assessed whether the contract is or contains a lease.

## (ii) Deferred Tax

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

## (iii) Research and developments costs

Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred.

Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

### 2.17.1. Estimation Uncertainty

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

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

#### Useful lives of various assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Company. The useful lives are specified in note 2.5 & 2.7.

#### Post-employment benefits

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

#### Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial instruments (note 2.2). In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that

# Notes to the Financial Statements

for the year ended 31st March, 2020

market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

## Impairment

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

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

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

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

## 2.18. Nature and extent of risks arising from financial instruments

The main financial risks faced by the Company relate to fluctuations in interest and foreign exchange rates, the risk of default by counterparties to financial transactions, and the availability of funds to meet business needs. The Balance Sheet as at March 31, 2020 is representative of the position of the year.

### Credit Risk

Credit risk arises from Cash and Cash equivalents, financial instruments and deposits with banks and financial institutions. Credit risk also arises from trade receivables and other financial assets.

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

### Foreign exchange risk

The Company is exposed to foreign exchange risk principally via:-

- i. Debt availed in foreign currencies.
- ii. Net investments in subsidiaries that are in foreign currencies.
- iii. Exposure arising from transaction relating to purchases, revenues, expenses etc, to be settled in currencies other than the functional currency of the Company.

### Liquidity Risk

Liquidity risk is managed using short term and long term Cash Flow forecasts.

Risk Management is carried out by the Risk Management Committee as per the Risk Management Policy adopted by the Company.

# Notes to the Financial Statements

for the year ended 31st March, 2020

## NOTE NO.3 PROPERTY, PLANT AND EQUIPMENT

Particulars	Leasehold Land (₹)	Buildings (₹)	Plant and Equipment (₹)	Furniture and Fixtures (₹)	Vehicles (₹)	Office equipment (₹)	Computer and Software (₹)	Total (₹)	Capital Work-in-progress (₹)
Balance as at 1 April 2019	96,65,840	39,51,51,890	1,06,61,36,446	64,70,4,051	6,90,23,814	9,70,8,143	6,15,59,453	1,67,59,49,637	-
Acquisitions	-	3,20,000	9,71,28,020	2,13,69,822	4,06,599	2,70,4,348	13,43,600	12,32,72,389	-
Disposals/Transfers	-	-	28,60,000	-	25,08,616	-	-	53,68,616	-
<b>Balance as at 31 March 2020</b>	<b>96,65,840</b>	<b>39,54,71,890</b>	<b>1,16,04,04,466</b>	<b>8,60,73,873</b>	<b>6,69,21,797</b>	<b>1,24,12,491</b>	<b>6,29,03,053</b>	<b>1,79,38,53,410</b>	<b>-</b>
<b>Accumulated Depreciation</b>									
Balance as at 1 April 2019	-	10,75,53,691	48,18,52,555	2,22,78,508	3,36,21,646	64,52,828	5,23,28,358	70,40,87,586	-
Depreciation for the year	-	1,05,27,605	5,94,47,778	6,74,90,22	76,53,441	11,35,058	35,00,445	8,90,13,349	-
Disposals	-	-	9,65,372	-	23,83,185	-	-	33,48,557	-
<b>Balance as at 31 March 2020</b>	<b>-</b>	<b>11,80,81,296</b>	<b>54,03,34,961</b>	<b>2,90,27,530</b>	<b>3,88,91,902</b>	<b>75,87,886</b>	<b>5,58,28,803</b>	<b>78,97,52,378</b>	<b>-</b>
<b>Carrying Value</b>									
<b>Balance as at 31 March 2020</b>	<b>96,65,840</b>	<b>27,73,90,594</b>	<b>62,00,69,505</b>	<b>5,70,46,343</b>	<b>2,80,29,895</b>	<b>48,24,605</b>	<b>70,74,250</b>	<b>1,00,41,01,032</b>	<b>-</b>
<b>Balance as at 1 April 2019</b>	<b>96,65,840</b>	<b>28,75,98,199</b>	<b>58,42,83,891</b>	<b>4,24,25,543</b>	<b>3,54,02,168</b>	<b>32,55,315</b>	<b>92,31,095</b>	<b>97,18,62,051</b>	<b>-</b>

Particulars	Leasehold Land (₹)	Buildings (₹)	Plant and Equipment (₹)	Furniture and Fixtures (₹)	Vehicles (₹)	Office equipment (₹)	Computer and Software (₹)	Total (₹)	Capital Work-in-progress (₹)
Balance as at 1 April 2018	96,65,840	39,47,42,290	91,05,56,707	5,27,91,544	6,90,23,814	88,06,852	5,88,47,403	1,50,44,34,450	-
Acquisitions	-	4,09,600	15,99,38,161	1,19,12,507	-	9,01,291	27,12,050	17,58,73,609	-
Disposals/Transfers	-	-	43,58,422	-	-	-	-	43,58,422	-
<b>Balance as at 31 March 2019</b>	<b>96,65,840</b>	<b>39,51,51,890</b>	<b>1,06,61,36,446</b>	<b>6,47,04,051</b>	<b>6,90,23,814</b>	<b>97,08,143</b>	<b>6,15,59,453</b>	<b>1,67,59,49,637</b>	<b>-</b>
<b>Accumulated Depreciation</b>									
Balance as at 1 April 2018	-	9,70,33,232	43,35,12,410	1,74,50,177	2,58,55,977	56,17,596	4,61,46,874	62,56,16,266	-
Depreciation for the year	-	1,05,20,459	5,18,05,554	4,82,8,331	77,65,669	8,35,232	61,81,484	8,19,36,729	-
Disposals	-	-	34,65,409	-	-	-	-	34,65,409	-
<b>Balance as at 31 March 2019</b>	<b>-</b>	<b>10,75,53,691</b>	<b>48,18,52,555</b>	<b>2,22,78,508</b>	<b>3,36,21,646</b>	<b>64,52,828</b>	<b>5,23,28,358</b>	<b>70,40,87,586</b>	<b>-</b>
<b>Carrying Value</b>									
<b>Balance as at 31 March 2019</b>	<b>96,65,840</b>	<b>28,75,98,199</b>	<b>58,42,83,891</b>	<b>4,24,25,543</b>	<b>3,54,02,168</b>	<b>32,55,315</b>	<b>92,31,095</b>	<b>97,18,62,051</b>	<b>-</b>
<b>Balance as at 1 April 2018</b>	<b>96,65,840</b>	<b>29,77,09,058</b>	<b>47,70,44,297</b>	<b>3,53,41,367</b>	<b>4,31,67,837</b>	<b>31,89,256</b>	<b>1,27,00,529</b>	<b>87,88,18,184</b>	<b>-</b>

# Notes to the Financial Statements

for the year ended 31st March, 2020

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

### Intangible Assets

Particulars	Internally Generated ANDA, Market Authorisations, Product Licences & Others (₹)	Right to Use (Asset) (₹)	Total (₹)
Balance as at 1 April 2019	57,30,09,557	-	57,30,09,557
Acquisitions	-	12,08,78,452	12,08,78,452
Disposals/Transfers	-	-	-
<b>Balance as at 31 March 2020</b>	<b>57,30,09,557</b>	<b>12,08,78,452</b>	<b>69,38,88,009</b>
Accumulated Depreciation			
Balance as at 1 April 2019	51,87,36,739	-	51,87,36,739
Depreciation for the year	59,22,268	2,15,05,938	2,74,28,206
Disposals	-	-	-
<b>Balance as at 31 March 2020</b>	<b>52,46,59,007</b>	<b>2,15,05,938</b>	<b>54,61,64,945</b>
<b>Carrying Value</b>			
<b>Balance as at 31 March 2020</b>	<b>4,83,50,550</b>	<b>9,93,72,514</b>	<b>14,77,23,064</b>
<b>Balance as at 1 April 2019</b>	<b>5,42,72,818</b>	<b>-</b>	<b>5,42,72,818</b>

Particulars	Internally Generated ANDA, Market Authorisations, Product Licences & Others (₹)	Right to Use (Asset) (₹)	Total (₹)
Balance as at 1 April 2018	51,38,86,882	-	51,38,86,882
Acquisitions	5,91,22,675	-	5,91,22,675
Disposals/Transfers	-	-	-
<b>Balance as at 31 March 2019</b>	<b>57,30,09,557</b>	<b>-</b>	<b>57,30,09,557</b>
Accumulated Depreciation			
Balance as at 1 April 2018	51,38,01,786	-	51,38,01,786
Depreciation for the year	49,34,953	-	49,34,953
Disposals	-	-	-
<b>Balance as at 31 March 2019</b>	<b>51,87,36,739</b>	<b>-</b>	<b>51,87,36,739</b>
<b>Carrying Value</b>			
<b>Balance as at 31 March 2019</b>	<b>5,42,72,818</b>	<b>-</b>	<b>5,42,72,818</b>
<b>Balance as at 1 April 2018</b>	<b>85,096</b>	<b>-</b>	<b>85,096</b>

#### Note No.3.1

Land held on leasehold basis. Building includes those constructed on leasehold land.

#### Note No.3.2

Addition to Fixed Assets include capital expenditure as per given below

R & D Expenditure	GOA	Navi Mumbai	Total
Capital Expenditure (₹)	Nil	Nil	Nil

#### Note No.3.3

Refer Note No.17.1 for mortgage of above Fixed Assets.



# Notes to the Financial Statements

for the year ended 31st March, 2020

## NOTE NO.4 NON-CURRENT INVESTMENTS

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
<b>Unquoted Equity shares</b>		
<b>Investment in subsidiaries</b>	2,36,07,39,875	2,36,07,39,875
Refer Note No.4.1		
<b>Total</b>	<b>2,36,07,39,875</b>	<b>2,36,07,39,875</b>

### Note No.4.1

#### Investment in Equity Instruments

#### Investment in Subsidiary companies

#### Unquoted fully paid (At cost)

Name of the Subsidiary	Extent of Holding (%)	Amount/ No of Shares	31st March, 2020	31st March, 2019
Nova Pharmaceuticals Australasia Pty Ltd.	60%	Amount ₹	1,59,05,003	1,59,05,003
		No of shares	90	90
Marksans Pharma (UK) Ltd.	100%	Amount ₹	66,92,37,881	66,92,37,881
		No of shares	85,96,941	85,96,941
Marksans Pharma Inc.	100%	Amount ₹	1,67,55,96,991	1,67,55,96,991
		No of shares	110	110
<b>Total</b>			<b>2,36,07,39,875</b>	<b>2,36,07,39,875</b>

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
Aggregate amount of quoted investment	-	-
Aggregate amount of Unquoted investment	2,36,07,39,875	2,36,07,39,875
Aggregate amount of Impairment in the Value	-	-
Investment in subsidiary - carried at cost	2,36,07,39,875	2,36,07,39,875

### Note No.4.2

The Company has Subsidiary namely Marksans GmbH which was formed in the financial year 2014-2015. The amount repatriated for its formation had been charged off to Statement of Profit & Loss in the year of its incorporation as Subsidiary is dormant, since its incorporation.

## NOTE NO.5 OTHER NON-CURRENT FINANCIAL ASSETS

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
<b>Unsecured, considered good</b>		
Deposit	2,04,76,506	1,29,19,961
<b>Total</b>	<b>2,04,76,506</b>	<b>1,29,19,961</b>

# Notes to the Financial Statements

for the year ended 31st March, 2020

## NOTE NO.6 INVENTORIES

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
a. Raw Materials and Packing Materials	56,50,73,263	57,89,86,167
b. Work-in-process	10,12,33,384	8,98,51,024
c. Finished goods	4,60,85,768	2,39,37,267
d. Stock-in-trade	3,36,28,127	1,08,62,485
<b>Total</b>	<b>74,60,20,542</b>	<b>70,36,36,943</b>

\*Refer Note No.17.1 for hypothecation of above inventories.

## NOTE NO.7 TRADE RECEIVABLES

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
Unsecured, considered good	20,24,68,748	19,74,14,671
From related parties (Refer Note:38(c)(ii))	1,41,62,19,398	1,58,08,82,638
Less:- Allowance for Bad and doubtful debts	-	-
<b>Total</b>	<b>1,61,86,88,146</b>	<b>1,77,82,97,309</b>

## NOTE NO.8 CASH AND CASH EQUIVALENTS

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
a. Balances with banks		
In current Accounts	2,71,25,826	1,08,99,377
In Dividend Accounts	15,89,232	13,67,665
b. Margin Money	44,74,984	54,67,529
c. Cash in hand	3,33,168	2,65,910
<b>Total</b>	<b>3,35,23,210</b>	<b>1,80,00,481</b>

### Note No.8.1

Dividend accounts represent balance maintained in specific bank accounts for payment of dividends. The use of these funds is restricted and can only be used to pay dividend. The corresponding liability for payment of dividends is included in other current financial liability.

Margin Money represent money given against Bank Guarantees.

## NOTE NO.9 OTHER CURRENT FINANCIAL ASSETS

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
Unsecured, considered good		
Foreign exchange forward contract	-	9,51,630
Advance to Marksans Pharma UK Ltd	-	14,54,46,446
Other Current Assets	20,44,929	23,14,672
<b>Total</b>	<b>20,44,929</b>	<b>14,87,12,748</b>

# Notes to the Financial Statements

for the year ended 31st March, 2020

## NOTE NO.10 OTHER CURRENT ASSETS

Particulars	31st March, 2020	31st March, 2019
	(₹)	(₹)
Unsecured, considered good	-	-
Merchandise Export Scheme Receivable	-	7,02,27,411
Others	62,03,100	12,08,623
<b>Total</b>	<b>62,03,100</b>	<b>7,14,36,034</b>

## NOTE NO.11 SHARE CAPITAL

Particulars	31st March, 2020		31st March, 2019	
	Number	₹	Number	₹
<b>Authorised</b>				
Equity Shares of ₹ 1/- each	55,00,00,000	55,00,00,000	55,00,00,000	55,00,00,000
7% Redeemable Cumulative Preference Shares of ₹ 100/- each	14,00,000	14,00,00,000	14,00,000	14,00,00,000
<b>Total</b>	<b>55,14,00,000</b>	<b>69,00,00,000</b>	<b>55,14,00,000</b>	<b>69,00,00,000</b>
<b>Issued, Subscribed &amp; Paid up</b>				
Equity Shares of ₹ 1/- each	40,93,13,698	40,93,13,698	40,93,13,698	40,93,13,698
<b>Total</b>	<b>40,93,13,698</b>	<b>40,93,13,698</b>	<b>40,93,13,698</b>	<b>40,93,13,698</b>

### a. Terms/rights attached to Equity Shares

The Company has only one class of Equity Shares having a face value of ₹1/- per share. All the Equity Shares rank pari passu in all respect. Each holder of Equity Shares is entitled to one vote per share. The equity share holders are entitled to dividend, if declared by the shareholders in an Annual General Meeting, in proportion to the number of Equity Shares held by the shareholders. 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.

### b. Terms/rights attached to Preference Shares

The Company's Issued, Subscribed and Paid-up Preference Share Capital is ₹5,00,00,000 (Rupees five crore) divided into 5,00,000 Preference shares of ₹100/- each. With consent of the sole shareholder, redemption date of these preference shares have been extended upto 27th March, 2023 with right of Marksans Pharma Ltd to redeem at par in one or more tranches before that date at its option. The preference shares carry dividend at the rate of 7% per annum subject to approval of the shareholders at an Annual General Meeting. The holder of the preference shares is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to the preference shares. In the event of liquidation of the Company before redemption of the preference shares, the holder of the preference shares will have priority over equity shares in the payment of dividend and repayment of capital.

c. The Company has not issued bonus shares and shares for consideration other than cash nor the Company has bought back any shares during the period of five years immediately preceding the reporting date except redemption of 100,000 Preference shares at par on 07.02.2015, 1,50,000 preference share at par on 31.03.2017, 100,000 preference shares at par on 14.03.2018, 100,000 Preference Shares at par on 30.10.2019, 200,000 Preference Shares at par on 17.01.2020 and 200,000 Preference Shares at par on 31.03.2020.

# Notes to the Financial Statements

for the year ended 31st March, 2020

## NOTE NO.11 SHARE CAPITAL (CONTD..)

### d. Details of shareholders holding more than 5% shares in the Company

Particulars	31st March, 2020		31st March, 2019	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
<b>Equity Shares of ₹1/- each fully paid</b>				
Mr. Mark Saldanha	19,74,91,553	48.25	19,74,91,553	48.25
<b>7% Redeemable Cumulative Preference Shares of ₹100/- each fully paid</b>				
Glenmark Pharmaceuticals Limited	5,00,000	100	10,00,000	100

## NOTE NO.12 OTHER EQUITY

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
<b>a. Capital Reserves</b>	1,22,500	1,22,500
	<b>1,22,500</b>	<b>1,22,500</b>
<b>b. Capital Redemption Reserve</b>		
Opening Balance	3,50,00,000	3,50,00,000
(+) Transferred from Profit and Loss	5,00,00,000	-
Closing Balance	<b>8,50,00,000</b>	<b>3,50,00,000</b>
<b>c. Securities Premium Account</b>		
Opening Balance	1,75,13,17,328	1,75,13,17,328
(+) Securities premium credited on Share issue	-	-
Closing Balance	<b>1,75,13,17,328</b>	<b>1,75,13,17,328</b>
<b>d. General Reserve</b>		
Opening Balance	3,13,73,65,569	3,13,73,65,569
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	<b>3,13,73,65,569</b>	<b>3,13,73,65,569</b>
<b>e. Retained Earning</b>		
Opening balance	(62,73,75,778)	(1,04,34,08,319)
(+) Net Profit/(Net Loss) for the current year	37,90,33,826	43,61,75,007
(-) Transfer to Capital Redemption reserve	(5,00,00,000)	-
(-) Dividend for the year including Dividend Distribution Tax	(2,46,72,467)	(2,04,65,685)
Other Comprehensive Income/(Loss)		
Items that will not be reclassified to Statement of Profit and Loss		
(+) Remeasurement of the net defined benefit plans (Net of Tax)	16,35,768	3,23,219
Transactional impact on account of adoption of Ind AS 116 - Leases	(54,88,183)	
Closing Balance	<b>(32,68,66,834)</b>	<b>(62,73,75,778)</b>
<b>Total</b>	<b>4,64,69,38,563</b>	<b>4,29,64,29,619</b>

### 1. Capital Reserve

The Capital Reserve had been created as per the requirement of earlier provision of the Companies Act, 1956. Such reserve is not available for distribution to the shareholders.

### 2. Capital Redemption Reserve

The Company has redeemed 8,50,000 7% Redeemable Cumulative Preference Shares of ₹ 100/- each face value at par out of profits of the Company on various dates. Accordingly, a sum equal to the nominal amount of the preference

# Notes to the Financial Statements

for the year ended 31st March, 2020

shares i.e. ₹ 8,50,00,000 has, out of the profits, been transferred to Capital Redemption Reserve, as and when Preference Shares were redeemed.

### 3. Securities Premium Account

The Company has on 30th March, 2015, issued and allotted 2,40,06,494 equity shares of ₹ 1/- each face value to qualified institutional buyers under QIP at a premium of ₹ 53.67 per equity share. Accordingly, the premium amount of ₹ 1,28,84,28,533.00 has been transferred to Securities Premium Account. Securities Premium Account also comprises of ₹ 46,28,88,795.00 received by the Company over and above the face value of shares issued on earlier dates.

### 4. General Reserve

The Company has transferred a portion of the net profit before declaring dividend to general reserve pursuant to the earlier provisions of the Companies Act, 1956. Transfer to general reserve is not mandatorily required under the Companies Act, 2013.

### 5. Retained Earning

Accumulated earnings include all current and prior period profits/(loss) as disclosed in the statement of profit and loss.

## NOTE NO.13 OTHER NON CURRENT FINANCIAL LIABILITIES

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
7% Redeemable Cumulative Preference Shares of ₹100/- each	5,00,00,000	10,00,00,000
<b>Total</b>	<b>5,00,00,000</b>	<b>10,00,00,000</b>

Refer note 11(b)

## NOTE NO.14 DEFERRED TAX LIABILITIES (NET)

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
<i>Deferred Tax Liabilities : DTL</i>		
Accelerated depreciation	11,55,08,283	7,62,30,165
<b>Total Deferred tax liability</b>	<b>11,55,08,283</b>	<b>7,62,30,165</b>
<i>Deferred Tax Assets : DTA</i>		
Defined benefit obligations	79,55,270	57,16,427
Change in Fair valuation of Financial Assets	4,93,201	3,53,580
<b>Total Deferred tax assets</b>	<b>84,48,471</b>	<b>60,70,007</b>
<b>Net Deferred tax Liability</b>	<b>10,70,59,812</b>	<b>7,01,60,158</b>
Deferred Tax on OCI Liabilities	8,78,632	1,32,790
Deferred Tax on OCI Assets		
<b>Net Deferred tax Liability</b>	<b>10,79,38,444</b>	<b>7,02,92,948</b>

## NOTE NO.15 OTHER NON-CURRENT LIABILITIES

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
Lease Liability	10,76,15,359	-
<b>Total</b>	<b>10,76,15,359</b>	<b>-</b>

# Notes to the Financial Statements

for the year ended 31st March, 2020

## NOTE NO.16 PROVISIONS

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
-Gratuity	1,15,11,355	1,08,92,004
-Leave Encashment	32,34,401	26,65,398
<b>(Refer Note No.35)</b>		
<b>Total</b>	<b>1,47,45,756</b>	<b>1,35,57,402</b>

## NOTE NO.17 BORROWINGS-CURRENT

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
<b>Secured</b>		
Working Capital facilities from Bank		
Borrowings in Foreign Currency	-	60,24,88,179
Borrowings in INR	-	17,07,81,669
<b>Total</b>	<b>-</b>	<b>77,32,69,848</b>

### NOTE NO.17.1

Working capital are secured by Hypothecation of all the current assets, receivables and book debts, and other movable assets of the Company in favour of the consortium by way of first charge on pari-passu basis and by way of second charge on the present and future fixed assets (both movable and immovable) of the company's plant at Verna,Goa on a pari-passu basis. The Company has taken working capital from banks at interest rates of Libor+1% (In case of foreign currency ) to 11.50% (in case of borrowings in INR)

## NOTE NO.18 TRADE PAYABLE

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
a) Total outstanding dues to Micro, Small & Medium Enterprises	19,60,531	10,60,945
b) Total outstanding dues to other than Micro, Small & Medium Enterprises	50,62,96,188	37,11,94,784
<b>Total</b>	<b>50,82,56,719</b>	<b>37,22,55,729</b>

## NOTE NO.19 OTHER CURRENT FINANCIAL LIABILITIES

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
Current maturities of Vehicle Loan	4,58,242	30,78,115
Employee Dues	5,96,41,312	5,48,49,248
Unclaimed Dividend	15,89,232	13,67,665
Deposits	10,000	10,000
Foreign exchange forward contract	10,27,020	-
Other Current Liability	1,41,00,083	1,40,63,348
<b>Total</b>	<b>7,68,25,889</b>	<b>7,33,68,376</b>

# Notes to the Financial Statements

for the year ended 31st March, 2020

## NOTE NO.20 PROVISIONS

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
a. Provision for Gratuity and compensated absences (Refer Note 35)		
-Gratuity	35,56,697	34,04,814
-Leave Encashment	19,48,916	22,12,363
<b>Total</b>	<b>55,05,613</b>	<b>56,17,177</b>

## NOTE NO.21 CURRENT TAX LIABILITIES(NET)

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
Income Tax provision	1,23,80,363	57,73,423
(Provision of ₹11,59,99,467 net of Advance Payment ₹10,36,19,104)		
(PY Provision ₹12,88,75,067 net of Advance Payment ₹12,31,01,644)		
<b>Total</b>	<b>1,23,80,363</b>	<b>57,73,423</b>

## NOTE NO.22 REVENUE FROM OPERATIONS

Particulars	2019-20 (₹)	2018-19 (₹)
Sale of products	4,28,54,09,836	4,11,42,32,891
Other operating revenues :-		
Scrap Sales	72,18,416	1,31,10,296
Export Incentives	4,15,22,191	11,42,58,781
<b>Total</b>	<b>4,33,41,50,443</b>	<b>4,24,16,01,968</b>

## NOTE NO.23 OTHER INCOME

Particulars	2019-20 (₹)	2018-19 (₹)
Interest Income	2,61,243	2,54,579
Insurance Claim received	5,25,443	12,01,993
Unwinding discount on Security Deposits i.e. Interest Income	5,74,382	3,14,427
Profit on sale of fixed assets	3,72,077	-
Change in Fair value of Forward contract	-	9,51,630
Foreign Exchange GAIN	-	4,03,99,127
Dividend from Subsidiary	-	3,61,82,557
<b>Total</b>	<b>17,33,145</b>	<b>7,93,04,313</b>

## NOTE NO.24 COST OF MATERIALS CONSUMED

Particulars	2019-20 (₹)	2018-19 (₹)
Inventory at the beginning of the year	57,89,86,167	32,53,63,774
Add: Purchases	2,07,81,05,816	2,33,50,38,786
Less: Inventory at the end of the Year	(56,50,73,263)	(57,89,86,167)
<b>Cost of material and components consumed</b>	<b>2,09,20,18,720</b>	<b>2,08,14,16,393</b>

# Notes to the Financial Statements

for the year ended 31st March, 2020

## NOTE NO.25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE

Particulars	2019-20 (₹)	2018-19 (₹)
<b>(Increase)/Decrease in inventories of finished goods, work-in-process and stock-in-trade</b>		
Inventory at the beginning of the year		
Finished goods	2,39,37,267	2,51,61,873
Work-in-process	8,98,51,024	5,66,39,358
Stock-in-trade	1,08,62,485	1,57,63,019
	<b>12,46,50,776</b>	<b>9,75,64,251</b>
Inventory at the end of the year		
Finished goods	4,60,85,768	2,39,37,267
Work-in-process	10,12,33,384	8,98,51,024
Stock-in-trade	3,36,28,127	1,08,62,485
	<b>18,09,47,279</b>	<b>12,46,50,776</b>
<b>(Increase)/Decrease in inventories of finished goods, work-in-process and stock-in-trade</b>	<b>(5,62,96,503)</b>	<b>(2,70,86,525)</b>

## NOTE NO.26 EMPLOYEE BENEFITS EXPENSE

Particulars	2019-20 (₹)	2018-19 (₹)
(a)Salaries and Wages	45,75,15,919	43,81,31,331
(b)Contributions to - Provident fund , E.S.I.C. and other fund	2,21,86,572	2,06,41,306
(c)Staff welfare expenses	53,53,717	45,26,638
<b>Total</b>	<b>48,50,56,208</b>	<b>46,32,99,275</b>

## NOTE NO.27 FINANCE COST

Particulars	2019-20 (₹)	2018-19 (₹)
Interest expense	3,94,82,400	3,13,49,534
Bank charges	2,49,96,117	2,72,72,387
Dividend on preference share including DDT	84,38,871	70,00,000
<b>Total</b>	<b>7,29,17,388</b>	<b>6,56,21,921</b>

## NOTE NO.28 DEPRECIATION AND AMORTIZATION EXPENSE

Particulars	2019-20 (₹)	2018-19 (₹)
Depreciation on tangible assets	8,90,13,349	8,19,36,729
Amortisation of intangible assets	2,74,28,206	49,34,953
<b>Total</b>	<b>11,64,41,555</b>	<b>8,68,71,682</b>



# Notes to the Financial Statements

for the year ended 31st March, 2020

## NOTE NO.29 OTHER EXPENSES

Particulars	2019-20 (₹)	2018-19 (₹)
Water Charges	27,18,495	22,65,281
Power & Fuel	8,68,29,419	8,21,69,394
Freight Inward & Raw Material Clearing Charges	2,38,21,567	2,76,25,200
Repairs & Maintenance - Plant and Machinery	2,65,24,702	3,62,71,295
Repairs & Maintenance - Building	15,61,182	10,98,907
Other Manufacturing Expenses	1,67,88,177	1,65,13,264
Rent	60,67,229	1,65,08,439
Rates & Taxes	35,49,084	34,72,674
Travelling Expenses	4,75,90,722	4,65,63,569
Communication Expenses	25,29,921	38,32,692
Courier & Postage Expenses	25,18,952	16,84,764
Printing & Stationery	19,29,449	9,66,008
Auditors Remuneration	12,00,000	12,00,000
Vehicle Expenses & Local Conveyance	40,17,501	72,50,473
Legal & Professional Fees	2,54,65,754	3,89,51,081
Office Expenses	43,78,510	61,08,425
Insurance Charges	49,51,136	95,35,599
Change in Fair value of Forward contract	10,27,020	-
Corporate Social Responsibility expenses	24,16,910	-
Loss on sale of Fixed Assets	-	4,41,606
Other Operating Expenses	4,18,83,241	4,53,59,296
Food and drug administration fees	6,17,11,188	9,80,24,729
Freight Outward & Export Clearing Expenses	23,47,46,807	15,43,41,754
Selling & Distribution Expenses	9,96,47,658	18,14,19,965
<b>Total</b>	<b>70,38,74,624</b>	<b>78,16,04,415</b>

### Note No.29.1 Details of Payments to the Auditor

Particulars	2019-20 (₹)	2018-19 (₹)
a. Audit fees	12,00,000	12,00,000

## NOTE NO. 30. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

Contingent liabilities and commitments (to the extent not provided for)

Particulars	2019-20 (₹)	2018-19 (₹)
<b>Contingent Liabilities</b>		
a) Guarantees and Letter of Credit	1,39,79,90,614	70,77,13,254
b) Claims against the Company not Acknowledged as debts – Taxation		
- A.Y 2006-07 Appellate Authority – High Court (Demand for regular assessment)	Uncertain	Uncertain
- A.Y 2006-07 Appellate Authority – High Court (Penalty)	57,99,493	57,99,493
	<b>1,40,37,90,107</b>	<b>71,35,12,747</b>

# Notes to the Financial Statements

for the year ended 31st March, 2020

## NOTE NO. 31: CORPORATE SOCIAL RESPONSIBILITY (CSR)

Although the Company is required to spend ₹ 56,82,823 (PY ₹ 80,57,329) towards Corporate Social Responsibility, the Company has spent ₹ 24,16,910 towards CSR Expenditure during the Year.(Previous Year: Nil).

## NOTE NO. 32: RESEARCH AND DEVELOPMENT EXPENDITURE

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.

The amount incurred by the Company as Research and Development expenditure during the financial year:-

Particulars	GOA (₹)	New Mumbai (₹)	Total (₹)
Capital Expenditure	Nil	Nil	Nil
Revenue Expenditure	5,01,24,345	3,30,22,546	8,31,46,891
<b>TOTAL</b>	<b>5,01,24,345</b>	<b>3,30,22,546</b>	<b>8,31,46,891</b>

## NOTE NO. 33: PRODUCTION, SALES AND STOCK

Particulars	2019-20 (₹)	2018-19 (₹)
<b>(a) Sale of Products</b>		
Solid Orals, Tablets and Capsules	4,29,87,85,581	4,24,16,01,968
Others	3,53,64,862	
<b>(b) Finished goods purchased</b>		
Solid Orals, Tablets and Capsules	39,46,01,288	30,90,66,890
<b>(c) Raw &amp; packing materials and consumables stores consumed</b>		
Ibuprofen	47,35,29,341	35,83,74,013
Metformin HCL	11,91,19,917	15,22,71,769
Paracetamol	17,10,85,565	6,50,83,036
Gliclazide	4,74,04,336	3,64,70,900
Gabapentin	10,38,96,789	31,46,23,638
Coating Material	2,70,53,642	2,32,80,128
Gelatin	7,34,79,650	5,96,03,232
Naproxin	14,39,20,150	6,58,28,355
Simvastatin	17,31,911	92,36,586
Levetiracetam	1,71,31,147	1,50,87,844
Sumatriptan	47,137	4,85,97,187
Others	91,36,19,135	93,29,59,705
<b>Total</b>	<b>2,09,20,18,720</b>	<b>2,08,14,16,393</b>

### (d) Break-up of raw materials and consumables stores consumed

Particulars	2019-20 (%)	2019-20 (₹)	2018-19 (%)	2018-19 (₹)
Indigenous	73.60	1,53,96,48,030	82.45	1,71,60,38,737
Imported	26.40	55,23,70,690	17.55	36,53,77,656
<b>Total</b>	<b>100.00</b>	<b>2,09,20,18,720</b>	<b>100.00</b>	<b>2,08,14,16,393</b>

# Notes to the Financial Statements

for the year ended 31st March, 2020

## NOTE NO. 33: PRODUCTION, SALES AND STOCK (CONTD..)

### (e) Inventories of Finished Goods

Particulars	Opening Stock (₹)		Closing Stock (₹)	
	2019-20	2018-19	2019-20	2018-19
<b>Inventories of finished goods (manufactured)</b>				
Solid Orals, Tablets and Capsules (Including Soft Gelatin Capsules)	2,39,37,267	2,51,61,873	4,60,85,768	2,39,37,267
<b>Inventories of finished goods (traded)</b>				
Solid Orals, Tablets and Capsules (Including Soft Gelatin Capsules)	1,08,62,485	1,57,63,019	3,36,28,127	1,08,62,485

## NOTE NO. 34:

### (a) Forex Outflow

Particulars	2019-20 (₹)	2018-19 (₹)
- Raw materials	58,56,49,796	33,09,29,423
- Capital Goods / Spare Parts and Components	3,83,29,947	3,19,42,741
- Legal and Professional fees	1,13,67,394	1,39,95,278
- Foreign Travelling	55,70,106	59,62,724
- Marketing expenses	2,23,12,277	34,82,620
- Food and Drug Administration and other fees	6,37,70,040	7,28,35,342
- Computer expenses	86,99,767	1,00,63,220
- Bank Interest and Charges	4,75,866	18,39,992
- Others	5,64,800	2,09,480
<b>Total Forex Outflow</b>	<b>73,67,39,993</b>	<b>47,12,60,820</b>

### (b) Remittance in Foreign Currency on Account of Dividend

During the financial year 2019-20, the Company has not remitted any amount in foreign currencies on account of dividends. The dividends payable to non-resident shareholders have been paid in Indian Rupees to their Indian bank accounts mandated by them.

### (c) Forex Earnings (on accrual basis) :

Particulars	2019-20 (₹)	2018-19 (₹)
Earnings in foreign currency from exports / other income	4,26,57,39,830	4,08,70,10,393

# Notes to the Financial Statements

for the year ended 31st March, 2020

## NOTE NO. 35: EMPLOYEE POST- RETIREMENT BENEFITS

The following are the employee benefit plans applicable to the employees of the Company.

### I Gratuity (defined benefit plan)

In accordance with the applicable laws, the Company provides for gratuity, a defined benefit retirement plan (“the Gratuity Plan”) covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement, death, incapacitation or termination of employment of amounts that are based on salary and tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation.

a The Company recognised total retirement benefit costs related to all retirement plans as follows:

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
Current Service Cost	25,64,500	29,36,125
Past Cost / (Gain)	-	(93,171)
Interest Cost	10,06,194	8,05,598
<b>Scheme Cost (Income) to P&amp;L</b>	<b>35,70,694</b>	<b>36,48,552</b>

b The remeasurement components recognised in other comprehensive income for the Company’s defined benefit plans comprise the following:

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
<b>Change in Financial Assumption</b>	<b>10,18,437</b>	<b>31,441</b>
Change in the Salary Escalation Rate Assumption	-	-
Change in the Discount Rate	10,18,437	31,441
<b>Change in Demographic Assumption</b>	<b>(64)</b>	<b>-</b>
Change in the Mortality Rate Assumption	(64)	-
Change in the Attrition Rate Assumption	-	-
Experience Adjustment	(35,32,773)	(1,12,875)
<b>Total Actuarial (Gain) / Loss related to Liability</b>	<b>(25,14,400)</b>	<b>(81,434)</b>

c The following table shows the change in present value of defined benefit obligations, the change in plan assets and the funded status recognised in the financial statements for the Company’s defined benefit plans.

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
Defined Benefit Obligations (DBO)	1,50,68,052	1,42,96,818
Fair Value of Plan Assets	-	-
<b>Net (Assets) / Liabilities</b>	<b>1,50,68,052</b>	<b>1,42,96,818</b>

d Break-up of the defined benefit plan related balance sheet amounts as at 31 March 2020 and 31 March 2019, is shown below.

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
Current Liability	35,56,697	34,04,814
Non-Current Liability	1,15,11,355	1,08,92,004
<b>Total</b>	<b>1,50,68,052</b>	<b>1,42,96,818</b>

# Notes to the Financial Statements

for the year ended 31st March, 2020

## NOTE NO. 35: EMPLOYEE POST- RETIREMENT BENEFITS (CONTD..)

The following are the employee benefit plans applicable to the employees of the Company. (Contd..)

### I Gratuity (defined benefit plan) (Contd..)

- e The movements in the net Defined Benefit Obligations(DBO) recognised within the balance sheet are as follows:

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
DBO at the beginning of the reporting period	1,42,96,818	1,08,86,461
Current Service Cost	25,64,500	29,36,125
Past Service (Cost) / Gain	-	(93,171)
Interest Cost	10,06,194	8,05,598
Benefits paid including to be paid	(2,85,061)	(1,56,761)
Remeasurements due to Actuarial (Gain) / Loss	(25,14,400)	(81,434)
<b>DBO at the end of the reporting period</b>	<b>1,50,68,051</b>	<b>1,42,96,818</b>

- f Change in Fair Value of Assets for the period ending as at 31 March 2020 and 31 March 2019

The Company has not invested in any plan assets.

- g The principal actuarial assumptions used for the defined benefit obligations as at 31 March 2020 are as follows:

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
Discount Rate	5.35%	7.35%
Rate of Salary Increase	8.00%	8.00%

- h Mortality rates have been set in accordance with current best practices. The average life expectancy in years on the balance sheet date is as follows:

Particulars	31-Mar-20	31-Mar-19
Retirement Age	58 Years	58 Years

- i A feature all plans have in common is that the discount rate has a significant impact on the present value of obligations. The other assumptions have varying impacts on the different plans in different geographic regions. In the break-up presented below, the varying impact of changes in the key assumptions is shown.

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)	31-Mar-20 %	31-Mar-19 %
<b>Base Scenario</b>	<b>1,50,68,051</b>	<b>1,42,96,818</b>		
Discount Rate: Increase by 1%	1,45,39,177	1,36,93,087	-3.51%	-4.22%
Discount Rate: Decrease by 1%	1,56,40,821	1,49,55,650	3.80%	4.61%
Salary Escalation Rate: Increase by 1%	1,45,46,913	1,38,02,858	-3.46%	-3.46%
Salary Escalation Rate: Decrease by 1%	1,56,20,402	1,48,21,708	3.67%	3.67%

Each sensitivity analysis result, disclosed here, is based on changing one assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the DBO to variations in significant actuarial assumptions, the same method (present value of the DBO calculated with the projected unit credit method at the end of the reporting period) has been applied as for calculating the liability recognised in the statement of financial position.

# Notes to the Financial Statements

for the year ended 31st March, 2020

## NOTE NO. 35: EMPLOYEE POST- RETIREMENT BENEFITS (CONTD..)

The following are the employee benefit plans applicable to the employees of the Company. (Contd..)

### II Compensated leave of absence plan (other long term benefit plan)

The Company permits encashment of leave accumulated by their employees on retirement and separation. The liability for encashment of privilege leave is determined and provided on the basis of actuarial valuation performed by an independent actuary at the date of the balance sheet.

a The Company recognised total retirement benefit costs related to all retirement plans as follows:

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
Current Service Cost	19,59,824	18,21,569
Past Service Cost / (Gain)	-	(38,269)
Interest Cost	3,53,185	2,87,046
Other Long term benefit	(11,99,716)	(3,74,575)
<b>Scheme Cost (Income) to P&amp;L</b>	<b>11,13,293</b>	<b>16,95,771</b>

b The remeasurement components recognised in other comprehensive income for the Company's defined benefit plans comprise the following:

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
<b>Change in Financial Assumption</b>	<b>(2,79,232)</b>	<b>(8,648)</b>
Change in the Salary Escalation Rate Assumption	-	-
Change in the Discount Rate	(2,79,232)	(8,648)
<b>Change in Demographic Assumption</b>	<b>-</b>	<b>-</b>
Change in the Mortality Rate Assumption	-	-
Change in the Attrition Rate Assumption	-	-
<b>Experience Adjustment</b>	<b>14,78,947</b>	<b>3,83,223</b>
<b>Total Actuarial Gain/(Loss) related to Liability</b>	<b>11,99,715</b>	<b>3,74,575</b>

c The following table shows the change in present value of defined benefit obligations, the change in plan assets and the funded status recognised in the financial statements for the Company's defined benefit plans.

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
Defined Benefit Obligations (DBO)	(51,83,317)	(48,77,761)
Fair Value of Plan Assets (FVPA)	-	-
<b>Net Assets / (Liabilities)</b>	<b>(51,83,317)</b>	<b>(48,77,761)</b>

d Break-up of the defined benefit plan related balance sheet amounts as at 31 March 2020 and 31 March 2019, is shown below.

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
Current Liability	(19,48,916)	(22,12,363)
Non-Current Liability	(32,34,401)	(26,65,398)
<b>Total</b>	<b>(51,83,317)</b>	<b>(48,77,761)</b>

# Notes to the Financial Statements

for the year ended 31st March, 2020

## NOTE NO. 35: EMPLOYEE POST- RETIREMENT BENEFITS (CONTD..)

The following are the employee benefit plans applicable to the employees of the Company. (Contd..)

### II Compensated leave of absence plan (other long term benefit plan) (Contd..)

- e The movements in the net Defined Benefit Obligations(DBO) recognised within the balance sheet are as follows:

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
<b>DBO at the beginning of the reporting period</b>	<b>48,77,761</b>	<b>38,79,005</b>
Current Service Cost	19,59,824	18,21,569
Past Service (Cost) / Gain	-	(38,269)
Interest Cost	3,53,185	2,87,046
Benefits paid	(8,07,737)	(6,97,015)
Remeasurements due to Actuarial Gain / (Loss)	(11,99,715)	(3,74,575)
<b>DBO at the end of the reporting period</b>	<b>51,83,317</b>	<b>48,77,761</b>

- f Change in Fair Value of Assets for the period ending as at 31 March 2020 and 31 March 2019

The Company has not invested in any plan assets.

- g The principal actuarial assumptions used for the defined benefit obligations as at 31 March 2020 are as follows:

Particulars	31-Mar-20 (%)	31-Mar-19 (%)
Discount Rate	5.35%	7.35%
Rate of Salary Increase	8.00%	8.00%

- h Mortality rates have been set in accordance with current best practices. The average life expectancy in years on the balance sheet date is as follows:

Particulars	31-Mar-20	31-Mar-19
Retirement Age	58 Years	58 Years

- i A feature all plans have in common is that the discount rate has a significant impact on the present value of obligations. The other assumptions have varying impacts on the different plans in different geographic regions. In the break-up presented below, the varying impact of changes in the key assumptions is shown.

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)	31-Mar-20 %	31-Mar-19 %
<b>Base Scenario</b>	<b>51,83,317</b>	<b>48,77,761</b>		
Discount Rate: Increase by 1%	50,38,628	47,10,925	-2.79%	-4.22%
Discount Rate: Decrease by 1%	53,39,746	50,57,970	3.02%	4.61%
Salary Escalation Rate: Increase by 1%	50,40,486	47,09,041	-2.76%	-3.46%
Salary Escalation Rate: Decrease by 1%	53,34,206	50,56,738	2.91%	3.67%

Each sensitivity analysis result, disclosed here, is based on changing one assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be co-related. When calculating the sensitivity of the DBO to variations in significant actuarial assumptions, the same method (present value of the DBO calculated with the projected unit credit method at the end of the reporting period) has been applied as for calculating the liability recognised in the statement of financial position.

# Notes to the Financial Statements

for the year ended 31st March, 2020

## NOTE NO. 36: SEGMENT REVENUE

Segment Revenue	2019-20 (₹)	2018-19 (₹)
(a)Exports	4,26,66,86,350	4,09,15,08,010
(b)Local	6,74,64,093	15,00,93,958
<b>Total</b>	<b>4,33,41,50,443</b>	<b>4,24,16,01,968</b>

Particulars	2019-20 (₹)	2018-19 (₹)
<b>a) Assets</b>		
-In India	1,97,83,32,002	1,87,05,67,964
-Outside India	3,96,11,88,402	4,24,93,10,256
<b>Total</b>	<b>5,93,95,20,404</b>	<b>6,11,98,78,220</b>
<b>b) Liabilities</b>		
-In India	82,42,06,624	77,87,19,334
-Outside India	5,90,61,519	63,54,15,569
<b>Total</b>	<b>88,32,68,143</b>	<b>1,41,41,34,903</b>

Customers amounting to 10% or more of entity's revenue are NIL

All Non-Current Assets of the Company are located in India

## NOTE NO. 37: EARNING PER SHARE

Earning per share is calculated by dividing the profit/(loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as computed below:

Particulars	2019-20 (₹)	2018-19 (₹)
Earning Per Share (EPS)		
1) Net profit as per the Statement of Profit and Loss available for equity shareholders	37,90,33,826	43,61,75,007
2) Weighted average number of equity shares for Earning Per Share computation		
a) For Basic Earning Per Share of ₹1/- each	40,93,13,698	40,93,13,698
b) For Diluted Earning Per Share of ₹1/- each		
- No. of Share for Basic EPS as per 2(a)	40,93,13,698	40,93,13,698
- Add: Weighted average outstanding	-	-
- No. of share for diluted Earnings Per Share of ₹1/- each	40,93,13,698	40,93,13,698
3) Earning Per Share (Weighted Average)		
Basic	0.93	1.07
Diluted	0.93	1.07



# Notes to the Financial Statements

for the year ended 31st March, 2020

## NOTE NO. 38: RELATED PARTY DISCLOSURES

### (a) List of Related Parties

#### i. Subsidiary

Marksans Pharma (UK) Limited  
Marksans Pharma Inc.  
Nova Pharmaceuticals Australasia Pty Ltd  
Marksans GmbH

#### ii. Step-down Subsidiaries

Marksans Holdings Limited  
Bell, Sons and Co. (Druggists) Limited  
Relonchem Limited  
Time-Cap Laboratories Inc.  
Custom Coatings Inc.  
Marksans Realty LLC

#### iii. Key Management Personnel (KMP)

Mr. Mark Saldanha - Managing Director  
Mrs. Sandra Saldanha - Whole-time Director  
Mr. Varddhman Vikramaditya Jain- Whole-time Director  
Mr. Jitendra Sharma - Chief Financial Officer  
Mr. Harshavardhan Panigrahi - Company Secretary

#### iv. Relatives of KMP

Mrs. Sandra Saldanha is spouse of Mr. Mark Saldanha (Managing Director)  
Mr. Mark Saldanha is spouse of Mrs. Sandra Saldanha (Whole-time Director)

#### v. Companies in which KMP is interested / having control :

Marksans Pharma (UK) Limited  
Marksans Holdings Limited  
Bell, Sons and Co. (Druggists) Limited  
Relonchem Limited  
Marksans Pharma Inc.  
Time-Cap Laboratories Inc.  
Custom Coatings Inc.  
Nova Pharmaceuticals Australasia Pty Ltd

Note: Mr. Mark Saldanha / Mrs. Sandra Saldanha / Mr. Jitendra Sharma is/are Director in the above subsidiary(ies) as representative of Marksans Pharma Limited and have no personal interest as director of those subsidiary(ies). They do not own any shares in the subsidiary(ies) in which they are Director.

# Notes to the Financial Statements

for the year ended 31st March, 2020

## NOTE NO. 38: RELATED PARTY DISCLOSURES (CONTD..)

(b) List of related parties with whom transactions have taken place during the year are as follows:

(i) Key Management Personnel / Directors – Remuneration and sitting fees:

Particulars	2019-20 (₹)	2018-19 (₹)
Mr. Mark Saldanha	1,04,32,320	1,04,32,320
Mrs. Sandra Saldanha	70,29,564	70,29,564
Dr. Vinay Gopal Nayak	-	1,53,77,820
Mr. Varddhan Vikramaditya Jain	1,37,49,828	26,39,874
Mr. Abhinna Sundar Mohanty	20,000	-
Mr. Seetharama Raju Bhuddharaju	30,000	-
Mr. Digant Mahesh Parikh	25,000	-
Mr. Jitendra Sharma	1,24,48,380	1,10,26,456
Mr. Harshavardhan Panigrahi	23,59,308	21,29,358
<b>Total</b>	<b>4,60,94,400</b>	<b>4,86,35,392</b>

(ii) Rent paid to Related Party

Particulars	2019-20 (₹)	2018-19 (₹)
Mr. Mark Saldanha	1,04,43,336	1,02,93,336

(c) Related parties where control exists and transactions have taken place during the year

(i) Transactions with related parties during the year

Particulars	2019-20 (₹)	2018-19 (₹)
<b>Subsidiary Company</b>		
Repayment of advance given		
Marksans Pharma (UK) Limited	14,54,46,446	-
Sale of Finished products	<b>3,40,76,26,556</b>	<b>3,53,38,09,964</b>
a. Nova Pharmaceuticals Australasia Pty Ltd	44,75,67,573	40,55,75,782
b. Bell, Sons and Co. (Druggists) Limited	61,21,63,989	40,60,14,410
c. Relonchem Limited	97,90,32,672	1,13,02,88,601
d. Time-Cap Laboratories Inc	136,69,67,694	1,59,19,31,171
Sales of Fixed Assets:	18,94,628	
Dividend received from Nova Pharmaceuticals Australasia Pty Ltd	-	3,61,82,557

(ii) Balances outstanding at the end of the year

Particulars	2019-20 (₹)	2018-19 (₹)
<b>Receivable from subsidiary</b>	1,41,62,19,398	1,58,08,82,638
a. Nova Pharmaceuticals Australasia Pty Ltd	12,38,39,216	7,01,00,197
b. Bell, Sons and Co. (Druggists) Limited	22,62,05,274	22,14,35,584
c. Relonchem Limited	13,88,72,004	36,85,77,575
d. Time-Cap Laboratories Inc.	9,27,302,904	92,07,69,282

# Notes to the Financial Statements

for the year ended 31st March, 2020

## NOTE NO. 39: FAIR VALUE MEASUREMENTS

Financial instruments by category

Particulars	As at 31 March 2020 (₹)			As at 31 March 2019 (₹)		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
<b>Financial assets</b>						
Investments	-	-	2,36,07,39,875	-	-	2,36,07,39,875
Other Non-current financial assets	2,04,76,506	-	-	1,29,19,961	-	-
Trade receivables, net	-	-	1,61,86,88,146	-	-	1,77,82,97,309
Cash and cash equivalents	-	-	3,35,23,210	-	-	1,80,00,481
Other current financial assets	-	-	20,44,929	9,51,630	-	14,77,61,118
<b>Total</b>	<b>2,04,76,506</b>	<b>-</b>	<b>4,01,49,96,160</b>	<b>1,38,71,591</b>	<b>-</b>	<b>4,30,47,98,783</b>
<b>Financial Liabilities</b>						
Other Non-current financial liabilities	-	-	5,00,00,000	-	-	10,00,00,000
Short term borrowings	-	-	-	-	-	77,32,69,848
Trade payables	-	-	50,82,56,719	-	-	37,22,55,729
Other current financial liabilities	10,27,020	-	7,57,98,869	-	-	7,33,68,376
<b>Total</b>	<b>10,27,020</b>	<b>-</b>	<b>63,40,55,588</b>	<b>-</b>	<b>-</b>	<b>1,31,88,93,953</b>

### Notes

- Investment in Subsidiaries are carried at cost.
- Trade receivables comprise amounts receivable from the sale of goods and services.
- The management considers that the carrying amount of trade and other receivables approximates their fair value.
- Bank balances and cash comprise cash and short-term deposits held by the Company. The carrying amount of these assets approximates their fair value.
- Trade and other payables principally comprise amounts outstanding for trade purchases and on-going costs. The management considers that the carrying amount of trade payables approximates their fair value.

### Fair value hierarchy:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

All amortised cost and fair value through profit & loss financial assets and liabilities are classified as level 3 inputs, except, Foreign Exchange Forward Contract of ₹ 10,27,020 under other current financial liabilities (Previous Year ₹ 9,51,630 under other current financial assets) are classified as Level 1 input as market price for currency is readily available.

# Notes to the Financial Statements

for the year ended 31st March, 2020

## NOTE NO.40- CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the balance sheet. Capital for the reporting periods are summarised as follows:

The Company's goal in capital management is to maintain a capital-to-overall financing structure ratio as low as possible.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
Total equity	5,05,62,52,261	4,70,57,43,317
Less: Cash & cash equivalents	3,35,23,210	1,80,00,481
<b>Capital</b>	<b>5,02,27,29,051</b>	<b>4,68,77,42,836</b>
Total equity	5,05,62,52,261	4,70,57,43,317
Add Borrowings	-	77,32,69,848
Add Other Financial Liabilities	5,00,00,000	10,00,00,000
<b>Overall financing</b>	<b>5,10,62,52,261</b>	<b>5,57,90,13,165</b>
<b>Capital to overall financing ratio</b>	<b>0.98</b>	<b>0.84</b>

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
<b>(i) Equity Shares</b>		
Final dividend paid during the year ended including Dividend Distribution Tax	2,46,72,467	2,04,65,685

## NOTE NO.41 - RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks which results from the Company's operating and investing activities. The Company's risk management is coordinated, in close co-operation with the board of directors and the core management team of the subsidiaries, and focuses on actively securing the Company's short to medium term cash flows by minimising the exposure to financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Financial assets that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents, trade receivables, other receivables, investment securities and deposits. By their nature, all such financial instruments involve risk including the credit risk of non-performance by counter parties.

The Company's cash equivalents and deposits are invested with banks.

The Company's trade and other receivables are actively monitored to review credit worthiness of the customers to whom credit terms are granted and also avoid significant concentrations of credit risks.

# Notes to the Financial Statements

for the year ended 31st March, 2020

## NOTE NO.41 - RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD..)

### (i) Credit risk analysis

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables.

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
Cash & cash equivalents	3,35,23,210	1,80,00,481
Trade receivables	1,61,86,88,146	1,77,82,97,309
Short Term financial Assets	20,44,929	14,87,12,748
Long Term Financial Assets	2,38,12,16,381	2,37,36,59,836
<b>Total</b>	<b>4,03,54,72,666</b>	<b>4,31,86,70,374</b>

### Cash and cash equivalents

The Company held cash and cash equivalents and other bank balances of ₹ 335.23 lakhs at March 31, 2020 (March 31, 2019: ₹ 180 lakhs). The cash and cash equivalents are held with bank and financial institution counterparties with good credit ratings.

### Trade receivables

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

The Expected Credit Loss on Trade Receivables has been provided as NIL, since major receivables are from Subsidiaries and step-down subsidiaries which are considered good.

Given below is ageing of trade receivable spread by period of above six months and others:

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
Outstanding for more than 6 months	3,07,09,446	5,01,83,185
Others	1,58,79,78,700	1,72,81,14,124
<b>Total</b>	<b>1,61,86,88,146</b>	<b>1,77,82,97,309</b>

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

The Company's management considers that all the above financial assets that are not impaired at each of the reporting dates and are of good credit quality, including those that are past due.

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

# Notes to the Financial Statements

for the year ended 31st March, 2020

## NOTE NO.41 - RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD..)

### Investment Risk

The Company have an exposure to credit risk by generally investing in subsidiaries. The Company does not expect non performance by any of subsidiaries.

### (ii) Liquidity risk analysis

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

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

As at 31 March 2020, the Company's liabilities have contractual maturities which are summarised below:

Particulars	Current	Non-Current	
	Within 1 year (₹)	1 to 5 years (₹)	More than 5 years (₹)
Trade payable	50,82,56,719	-	-
Non Current Financial liabilities	-	5,00,00,000	-
Short term borrowings	-	-	-
Other Current Financial Liabilities	7,68,25,889	-	-
<b>Total</b>	<b>58,50,82,608</b>	<b>5,00,00,000</b>	<b>-</b>

As at 31 March 2019, the Company's liabilities have contractual maturities which are summarised below:

Particulars	Current	Non-Current	
	Within 1 year (₹)	1 to 5 years (₹)	More than 5 years (₹)
Trade payable	37,22,55,729	-	-
Non Current Financial liabilities	-	10,00,00,000	-
Short term borrowings	77,32,69,848	-	-
Other Current Financial Liabilities	7,33,68,376	-	-
<b>Total</b>	<b>1,21,88,93,953</b>	<b>10,00,00,000</b>	<b>-</b>

### (iii) Market Risk Analysis

#### (a) Foreign Currency sensitivity

Financial instruments by category

Foreign currency denominated financial assets and liabilities, translated into USD at the closing rate are as follows:

Particulars	31-Mar-20			31-Mar-19		
	USD	RATE	₹	USD	RATE	₹
<b>Short term exposure</b>						
Financial assets						
Trade receivables	1,67,91,972	73.00	1,22,58,13,975	1,66,46,777	68.35	1,13,78,07,233
<b>FINANCIAL ASSETS</b>	<b>1,67,91,972</b>	<b>73.00</b>	<b>1,22,58,13,975</b>	<b>1,66,46,777</b>	<b>68.35</b>	<b>1,13,78,07,233</b>

# Notes to the Financial Statements

for the year ended 31st March, 2020

## NOTE NO.41 - RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD..)

### (iii) Market Risk Analysis (Contd..)

#### (a) Foreign Currency sensitivity (Contd..)

Financial instruments by category

Foreign currency denominated financial assets and liabilities, translated into USD at the closing rate are as follows:

Particulars	31-Mar-20			31-Mar-19		
	USD	RATE	₹	USD	RATE	₹
<b>Financial liabilities</b>						
Borrowings (PCFC)	7,46,401	75.75	5,65,39,857	57,29,241	70.00	40,10,46,871
Trade payables / other	71,781	75.75	54,37,361	4,51,894	70.00	3,16,32,568
<b>FINANCIAL LIABILITIES</b>	<b>8,18,182</b>	<b>75.75</b>	<b>6,19,77,218</b>	<b>61,81,135</b>	<b>70.00</b>	<b>43,26,79,439</b>
<b>Short term exposure</b>	<b>1,59,73,790</b>	<b>72.86</b>	<b>1,16,38,36,757</b>	<b>1,04,65,642</b>	<b>67.38</b>	<b>70,51,27,794</b>

US Dollar conversion rate was ₹ 67.38 at the beginning of the year and scaled to a high of ₹ 75.75 and to low of ₹ 72.86. The closing rate is ₹ 72.86. Considering the volatility in direction of strengthening dollar upto 10% , the sensitivity analysis has been disclosed at 10% movements on strengthening and weakening effect for presenting comparable movement due to currency fluctuations.

Particulars	31-Mar-20		31-Mar-19	
	Strengthening (₹)	Weakening (₹)	Strengthening (₹)	Weakening (₹)
Effect in INR				
Net Result for the Year	11,63,83,676	(11,63,83,676)	7,05,12,779	(7,05,12,779)

Foreign currency denominated financial assets and liabilities, translated into GBP at the closing rate are as follows:

Particulars	31-Mar-20			31-Mar-19		
	GBP	RATE	₹	GBP	RATE	₹
<b>Short term exposure</b>						
Financial assets						
Trade receivables	41,36,885	90.35	37,37,67,590	66,51,887	90.00	59,86,69,807
<b>FINANCIAL ASSETS</b>	<b>41,36,885</b>	<b>90.35</b>	<b>37,37,67,590</b>	<b>66,51,887</b>	<b>90.00</b>	<b>59,86,69,807</b>
Financial liabilities						
Borrowings (PCFC)	-	-	-	21,59,071	93.30	20,14,41,308
Trade payables / other	32,562	93.65	30,49,409	10,946	93.30	10,21,222
<b>FINANCIAL LIABILITIES</b>	<b>32,562</b>	<b>93.65</b>	<b>30,49,409</b>	<b>21,70,017</b>	<b>93.30</b>	<b>20,24,62,530</b>
<b>Short term exposure</b>	<b>41,04,323</b>	<b>90.32</b>	<b>37,07,18,181</b>	<b>44,81,870</b>	<b>88.40</b>	<b>39,62,07,277</b>

GBP conversion rate was ₹ 88.40 at the beginning of the year and scaled to a high of ₹93.65 and to low of ₹90.32. The closing rate is ₹90.32. Considering the volatility in direction of strengthening GBP upto 10% , the sensitivity analysis has been disclosed at 10% movements on strengthening and weakening effect for presenting comparable movement due to currency fluctuations.

Particulars	31-Mar-20		31-Mar-19	
	Strengthening (₹)	Weakening (₹)	Strengthening (₹)	Weakening (₹)
Effect in INR				
Net Result for the Year	3,70,71,818	(3,70,71,818)	3,96,20,728	(3,96,20,728)

# Notes to the Financial Statements

for the year ended 31st March, 2020

## NOTE NO.41 - RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD..)

Foreign currency denominated financial assets and liabilities, translated into EUR at the closing rate are as follows:

Particulars	31-Mar-20			31-Mar-19		
	EUR	RATE	₹	EUR	RATE	₹
<b>Short term exposure</b>						
Financial assets						
Trade receivables	10,810	80.20	8,66,962	86,324	77.05	66,51,232
Other Current Financial Asset	71,696	83.20	59,65,107	14,130	80.00	11,30,400
<b>FINANCIAL ASSETS</b>	<b>82,506</b>	<b>82.81</b>	<b>68,32,069</b>	<b>1,00,454</b>	<b>77.46</b>	<b>77,81,632</b>
Financial liabilities						
Trade payables / other	-	-	-	-	-	-
<b>FINANCIAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Short term exposure</b>	<b>82,506</b>	<b>82.81</b>	<b>68,32,069</b>	<b>1,00,454</b>	<b>77.46</b>	<b>77,81,632</b>

EUR conversion rate was ₹ 77.46 at the beginning of the year and scaled to a high of ₹ 83.20 and to low of ₹ 82.81. The closing rate is ₹ 82.81. Considering the volatility in direction of strengthening EUR upto 10% , the sensitivity analysis has been disclosed at 10% movements on strengthening and weakening effect for presenting comparable movement due to currency fluctuations.

Particulars	31-Mar-20		31-Mar-19	
	Strengthening (₹)	Weakening (₹)	Strengthening (₹)	Weakening (₹)
Effect in INR				
Net Result for the Year	6,83,207	-6,83,207	7,78,163	(7,78,163)

\*PCFC - Packing Credit in Foreign Currency.

### (b) Interest rate sensitivity

The Company policy is to minimise interest rate cash flow risk exposures on long-term borrowing. The Company has taken several short term borrowings on fixed rate of interest. Since, there is no interest rate cash outflow associated with such fixed rate loans; an interest rate sensitivity analysis has not been performed.

The Company has outstanding working capital borrowings which comprises of Packing Credit in Foreign Currency of USD 0.75 million (2019 - USD 5.73 million) and GBP 0 million (2019 - GBP 2.16 million).

If LIBOR/Benchmark prime lending rate (BPLR) increases by 100 basis points then such increase shall have the following impact on:

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
Net results for the year	5,65,399	60,24,882

If LIBOR/Benchmark prime lending rate (BPLR) decreases by 100 basis points then such decrease shall have the following impact on:

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
Net results for the year	(5,65,399)	(60,24,882)



# Notes to the Financial Statements

for the year ended 31st March, 2020

## NOTE NO.42 - DETAILS OF HEDGED AND UNHEDGED EXPOSURE IN FOREIGN CURRENCY

### a) Exposure in foreign currency - Hedged

The Company enters into forward exchange contracts to hedge against its foreign exposures in relation to the underlying transactions. The Company does not enter into any derivative instruments for trading or speculative purpose.

The forward exchange contracts used for hedging foreign currency exposure and outstanding as at reporting date are as under:

Currency	No. of contracts	Buy Amount In Foreign Currency	INR equivalent
Forward Contract to buy USD - As at 31-03-2020	8	14,00,000	10,15,49,750
Forward Contract to buy GBP - As at 31-03-2020	19	1,06,00,000	1,02,20,64,040
Forward Contract to buy USD - As at 31-03-2019	2	15,00,000	10,55,06,250

### b) Exposure in foreign currency - Unhedged

The foreign currency exposure not hedged as at 31st March, 2020 are as under:

Particulars	Payable (In Foreign Currency)		Receivable (In Foreign Currency)	
	As at 31st March 2020	As at 31st March 2019	As at 31st March 2020	As at 31st March 2019
USD	8,18,182	46,81,135	1,53,91,972	1,66,46,777
GBP	32,562	21,70,016	32,562	66,51,887
EUR	-	-	82,506	1,00,454

Particulars	Payable (In ₹)		Receivable (In ₹)	
	As at 31st March 2020	As at 31st March 2019	As at 31st March 2020	As at 31st March 2019
USD	6,19,77,218	32,76,79,440	1,12,42,64,225	1,13,78,07,233
GBP	30,49,409	20,24,62,529	30,49,409	59,86,69,807
EUR	-	-	68,32,069	77,81,632

## NOTE NO.43(A) - DISCLOSURE AS PER REGULATION 53(F) OF SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties:

Name of the Party	Relationship	Amount outstanding as at 31st March 2020 (₹)	Amount outstanding as at 31st March 2019 (₹)	Maximum balance outstanding during the year 31st March 2020 (₹)	Amount outstanding as at 31st March 2019 (₹)
Marksans Pharma (UK) Ltd	Wholly owned Subsidiary	-	14,54,46,446	14,54,46,446	14,54,46,446

# Notes to the Financial Statements

for the year ended 31st March, 2020

## NOTE NO.43(B) - DISCLOSURE AS PER SECTION 186 OF COMPANIES ACT, 2013

The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows:

- (i) Details of Investments made are given in Note 4.1  
(ii) Details of loan given by the Company are as follows:

Name of the Party	Relationship	Amount outstanding as at 31st March 2020 (₹)	Amount outstanding as at 31st March 2019 (₹)
Marksans Pharma (UK) Ltd	Wholly owned subsidiary	-	14,54,46,446

- (iii) Details of guarantees given by the Company are as follows:

Name of Company	Relationship	Guarantee in favour of	Amount as at 31st March 2020 (₹)	Amount as at 31st March 2019 (₹)
Bell, Sons & Co. (Druggists) Limited	Step down Subsidiary	Bank of Baroda (London)	27,10,50,000	27,00,00,000
Relonchem Limited	Step down Subsidiary	Bank of Baroda (London)	14,00,42,500	13,95,00,000
Time-Cap Laboratories Inc.	Step down Subsidiary	Bank of Baroda (New York)	51,10,00,000	-

Purpose: Advances & Guarantees are given by the Company for general business purpose to support subsidiaries / step down subsidiaries.

### FOR AND ON BEHALF OF

#### **Bhuta Shah & Co LLP**

Chartered Accountants

Firm Registration No.: 101474W/W100100

#### **TEJAS LALIWALA**

Partner

Membership No.: 127487

Place : Mumbai

Date : 02nd June, 2020

### FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

#### **MARK SALDANHA**

Chairman & Managing Director

DIN: 00020983

#### **HARSHAVARDHAN PANIGRAHI**

Company Secretary & Legal Manager

#### **SANDRA SALDANHA**

Whole - time Director

DIN: 00021023

#### **JITENDRA SHARMA**

Chief Financial Officer

# Cash Flow Statement

for the year ended 31st March, 2020

Particulars	Year ended 31st March, 2020 (₹)	Year ended 31st March, 2019 (₹)
<b>A. Cash Flow From Operating Activities</b>		
<b>Profit/(Loss) Before Tax</b>	<b>52,72,70,308</b>	<b>56,01,12,230</b>
Adjustments to profit before tax and prior period		
Items:		
- Depreciation and amortisation expenses	11,64,41,555	8,68,71,682
-(Profit)/Loss on sale of Property, Plant and Equipment	(3,72,077)	4,41,606
- Finance Cost	7,29,17,388	6,56,21,921
- Dividend Income	-	(3,61,82,557)
- Interest Income	(2,61,243)	(2,54,579)
- Unwinding discount on Security Deposits i.e. Interest Income	(5,74,382)	(3,14,427)
- Remeasurement of the net defined benefit plans	25,14,400	4,56,009
- Change in Fair value of Forward contract	10,27,020	(9,51,630)
<b>Operating Profit before working capital changes</b>	<b>71,89,62,969</b>	<b>67,58,00,255</b>
<b>Movements in working capital :</b>		
(Increase)/Decrease in Inventories	(4,23,83,599)	(28,07,08,919)
(Increase)/Decrease in Trade receivables	15,96,09,163	(8,95,75,408)
(Increase)/Decrease in Other financial assets	13,91,11,274	(64,71,255)
(Increase)/Decrease in Other assets	6,50,11,367	(1,22,23,297)
Increase/(Decrease) in Trade Payable, provisions and Other Non current Liabilities	24,46,93,139	3,98,61,003
Income Tax Paid	(10,48,62,679)	(12,86,26,502)
<b>Net cash used in operating activities</b>	<b>1,18,01,41,634</b>	<b>19,80,55,877</b>
<b>B. Cash Flow provided by (used in) Investing Activities:</b>		
(Purchase)/Sale of Property, Plant and Equipment	(24,17,58,704)	(23,45,44,877)
Investment	-	-
Dividend Income	-	3,61,82,557
Interest Income	2,61,243	2,54,579
Increase/(Decrease) in Margin Money	9,92,545	(51,67,529)
Unwinding discount on Security Deposits i.e. Interest Income	5,74,382	3,14,427
Change in Fair value of Forward contract	(10,27,020)	9,51,630
	-	-
<b>Net Cash Flow provided by (used in) Investing Activities</b>	<b>(24,09,57,554)</b>	<b>(20,20,09,213)</b>

# Cash Flow Statement

for the year ended 31st March, 2020

Particulars	Year ended 31st March, 2020 (₹)	Year ended 31st March, 2019 (₹)
<b>C. Cash Flow provided by (used in) Financing Activities:</b>		
Increase in Equity Share Capital	-	-
Redemption of Preference Share Capital	(5,00,00,000)	-
Increase in Share Premium	-	-
Increase in General Reserve	-	-
Transitional effect of IndAS 116	(54,88,183)	-
Dividend and Dividend Distribution Tax on it	(2,46,72,467)	(2,04,65,685)
Proceeds/(Repayment) of Short Term and Long Term Borrowings	(76,98,12,335)	9,56,73,112
Finance Cost	(7,29,17,388)	(6,56,21,921)
<b>Net Cash Flow provided by (used in) Financing Activities</b>	<b>(92,28,90,373)</b>	<b>95,85,506</b>
<b>Net Increase /(Decrease) in Cash and Bank Balances</b>	<b>1,62,93,707</b>	<b>56,32,170</b>
<b>Cash &amp; Bank Balances as at 31.03.2019</b>	<b>1,11,65,287</b>	<b>55,33,117</b>
<b>Cash &amp; Bank Balances as at 31.03.2020</b>	<b>2,74,58,994</b>	<b>1,11,65,287</b>
	<b>1,62,93,707</b>	<b>56,32,170</b>

## Notes :

- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS 7, 'Statement of Cash Flows'.
- The Previous year's figures have been regrouped wherever necessary in order to conform to this year's presentation.
- The Breakup of Cash Balance is as follows

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
a. Balances with banks		
In current Account	2,71,25,826	1,08,99,377
b. Cash in hand	3,33,168	2,65,910
<b>TOTAL</b>	<b>2,74,58,994</b>	<b>1,11,65,287</b>

## FOR AND ON BEHALF OF

### Bhuta Shah & Co LLP

Chartered Accountants

Firm Registration No.: 101474W/W100100

### TEJAS LALIWALA

Partner

Membership No.: 127487

Place : Mumbai

Date : 02nd June, 2020

## FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

### MARK SALDANHA

Chairman & Managing Director

DIN: 00020983

### HARSHAVARDHAN PANIGRAHI

Company Secretary & Legal Manager

### SANDRA SALDANHA

Whole - time Director

DIN: 00021023

### JITENDRA SHARMA

Chief Financial Officer

The image features a large red rectangle on the left side, which serves as a background for the text. To the right of the red rectangle, there are several thin, white, wavy lines that curve across the page, creating a sense of movement and depth. The overall design is clean and modern.

# **CONSOLIDATED FINANCIAL STATEMENTS**

# Independent Auditors' Report

To the Members of  
**Marksans Pharma Limited**

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### OPINION

We have audited the accompanying consolidated financial statements of Marksans Pharma Limited ("the Company") and its subsidiaries (including step down subsidiaries) (the Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity, with Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, the consolidated profit, consolidated other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

### BASIS FOR OPINION

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated 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 (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's 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 financial statements.

### EMPHASIS OF MATTER

World Health Organisation (WHO) declared outbreak of Coronavirus Disease (COVID-19) a global pandemic on March 11, 2020. Consequent to this, Government of India declared lockdown on March 23, 2020 and the Company temporarily suspended the operations in all its manufacturing units in compliance with the lockdown instructions issued by the Central and State Governments. COVID-19 has impacted the normal business operations of the Company by way of interruption in production, product supply, unavailability of personnel, closure/lock down of production facilities etc. during the lock-down period. The management believes that no adjustments are required in the financial statements as it does not impact the current financial year, however, in view of the various preventive measures taken (such as complete lock-down restrictions by the Government of India, travel restrictions, etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.

Our opinion is not modified in respect of above matter.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined

the matters described below to be the key audit matters to be communicated in our report:

Sr. No.	Key Audit Matter	Auditors' Response
1.	<p><b>Recoverability of carrying value of Intangible assets:</b></p> <p>The Group has ₹ 826.40 million as total carrying value of intangible assets as at March 31, 2020.</p> <p>An intangible asset is for the purpose of furtherance of business development.</p> <p>We have focused on intangibles assets because of the amount involved and the required management judgment in respect of expected future economic benefits of the intangibles assets.</p>	<p>Our audit procedures over intangible assets:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of use and future economic benefits from the intangible assets.</li> <li>• Assessing the impact due to recent industrial developments influencing current business performance on the valuation and considering the potential impact of possible downside changes in the key assumptions.</li> <li>• Reconciled on a sample basis the costs for the period to the underlying invoices and supporting documents.</li> <li>• Evaluation of the robustness of valuation methodology.</li> </ul>

**INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our report thereon

Our opinion on the consolidated 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our 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.

**MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements

that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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 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 financial statements by the Directors of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

## AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated 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 financial controls 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 system 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 Auditors' report to the related disclosures in the consolidated 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 Auditors'

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 financial statements, including the disclosures, and whether the consolidated 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 to express an opinion on the consolidated 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 financial statements.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditors' 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 MATTERS

- a) We did not audit the financial statements / financial information of the two subsidiaries (and step down subsidiaries), whose financial statements / information



reflect total assets of ₹ 6,275.49 million as at March 31, 2020, total revenue of ₹ 9,111.83 million, total net profit after tax of ₹ 769.30 million and total comprehensive income of ₹ 769.30 million for the year ended on that date respectively, and net cash flows ₹ 484.26 million for the year ended that date, as considered in the Statement. These annual financial statements of the subsidiaries have been audited by other auditors whose reports have been furnished to us by the management and our opinion in so far as it relates to the amounts and disclosures included in respect of this subsidiaries, and our report in terms of Section 143(3) of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

- b) We did not audit the financial statements / financial information of the one subsidiary, whose financial statements / information reflect total assets of ₹ 548.60 million as at March 31, 2020, total revenue of ₹ 1,301.84 million, total net profit after tax of ₹ 93.34 million and total comprehensive income of ₹ 93.34 million for the year ended on that date, and net cash flows ₹ 102.10 million for the year ended that date, as considered in the Statement. These annual financial statements of the subsidiary have been based on Independent accountant's report whose report have been furnished to us by the Board of Directors and our opinion in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of Section 143(3) of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of such independent accountant.

Subsidiaries are located outside India whose financial statements have been prepared in accordance with accounting principles generally accepted in its respective countries and which have been reviewed and audited by the other auditor as applicable, under generally accepted auditing standards applicable in its respective countries. The Company's Management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in those countries to the accounting principles generally accepted in India. We have audited these conversion adjustments made by the 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 Company and audited by us.

Our opinion on the consolidated financial results is not modified in respect of above matter with respect to or reliance on the work done and reports of the other auditors and or independent accountant.

Our opinion is not modified in respect of this matter.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements, including, inter-alia financial statement of the subsidiary duly audited by the component auditor;
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors of the Company as on March 31, 2020 taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of the Company, for reasons stated therein. Internal control over financial reporting is not applicable to the subsidiary, which is incorporated outside India.
  - g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of section 197(16) of the Act, as amended :

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose impact of pending litigations on the consolidated financial position of the Group.
  - ii. Provision has been made in the consolidated financial statements, as required under the

applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts, including derivative contracts.

- iii. There has been no requirement for transferring amounts, during the year, to the Investor Education and Protection Fund by the Company.

For **Bhuta Shah & Co LLP**  
*Chartered Accountants*  
Firm Registration No. 101474W / W100100

**Tejas Laliwala**  
Partner  
Membership No. 127487  
UDIN: 20127487AAAABI6814

**Mumbai; 02 June, 2020**

# Annexure “A” to the Independent Auditors’ Report on the Consolidated Ind AS Financial Statements

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of **Marksans Pharma Limited** of even date)

## **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 financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of **Marksans Pharma Limited** (hereinafter referred to as “Company”) as of that date.

### **OPINION**

We have audited the internal financial controls with reference to the financial statements of **Marksans Pharma Limited** (“the Company”) as on March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to the financial statements and such internal financial controls were operating effectively as at March 31, 2020, based on the internal control with reference to the financial statements 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 (“the Guidance Note”).

### **MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The Board of Directors of the Company 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 (“the 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 Act.

### **AUDITORS’ RESPONSIBILITY**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company, 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 Auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

## MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting 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.

## INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

For **Bhuta Shah & Co LLP**

*Chartered Accountants*

Firm Registration No. 101474W / W100100

**Tejas Laliwala**

Partner

Membership No. 127487

UDIN: 20127487AAAABI6814

**Mumbai; 02 June, 2020**

# Consolidated Balance Sheet

as at March 31, 2020

Particulars	Notes	As at March 31, 2020 (₹)	As at March 31, 2019 (₹)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	2,20,07,63,965	1,98,08,20,855
Intangible assets	3	82,63,97,507	71,64,41,733
<b>Financial assets</b>			
Other non-current financial assets	4	3,30,24,477	1,29,19,961
Deferred tax assets (net)	5	63,41,730	1,24,81,853
<b>Total non-current assets</b>		<b>3,06,65,27,679</b>	<b>2,72,26,64,402</b>
<b>Current assets</b>			
Inventories	6	2,41,84,39,338	2,93,24,60,805
<b>Financial Assets</b>			
(i) Trade receivables	7	2,43,35,17,408	1,76,59,69,384
(ii) Cash and cash equivalents	8	93,72,70,861	33,53,84,697
(iii) Other Financial Assets	9	20,44,932	32,66,304
Other current assets	10	11,06,01,124	27,73,37,934
<b>Total current assets</b>		<b>5,90,18,73,663</b>	<b>5,31,44,19,124</b>
<b>TOTAL ASSETS</b>		<b>8,96,84,01,342</b>	<b>8,03,70,83,526</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	11	40,93,13,698	40,93,13,698
<b>Other Equity</b>			
Reserves and Surplus	12	5,95,08,28,839	5,01,55,09,488
Equity attributable to owners of the Company		6,36,01,42,537	5,42,48,23,186
Non-Controlling interest		13,11,01,423	10,21,68,392
<b>Total equity</b>		<b>6,49,12,43,960</b>	<b>5,52,69,91,578</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings		-	-
(ii) Other financial liabilities	13	5,00,00,000	10,00,00,000
Deferred tax liabilities (Net)	14	10,79,38,444	7,02,92,948
Other non-current liabilities	15	10,76,15,359	-
Provisions	16	1,47,45,756	1,35,57,402
<b>Total non current liabilities</b>		<b>28,02,99,559</b>	<b>18,38,50,350</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	17	18,84,25,387	9,990,87,272
(ii) Trade payables	18		
a) MSME		19,60,531	10,60,945
b) Other		1,04,30,49,882	1,05,96,31,072
(iii) Other financial liabilities	19	55,62,10,068	20,90,42,237
Other current liabilities			
Provisions	20	28,86,40,146	83,76,974
Current tax liabilities (Net)	21	11,85,71,809	4,90,43,098
<b>Total current liabilities</b>		<b>2,19,68,57,823</b>	<b>2,32,62,41,598</b>
<b>Total liabilities</b>		<b>2,47,71,57,382</b>	<b>2,51,00,91,948</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,96,84,01,342</b>	<b>8,03,70,83,526</b>

See significant accounting policies and accompanying notes to the financial statements.

As per our report of even date.

**FOR AND ON BEHALF OF**

**Bhuta Shah & Co LLP**

Chartered Accountants

Firm Registration No.: 101474W/W100100

**TEJAS LALIWALA**

Partner

Membership No.: 127487

Place : Mumbai

Date : 02nd June, 2020

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**MARK SALDANHA**

Chairman & Managing Director

DIN: 00020983

**HARSHAVARDHAN PANIGRAHI**

Company Secretary & Legal Manager

**SANDRA SALDANHA**

Whole - time Director

DIN: 00021023

**JITENDRA SHARMA**

Chief Financial Officer

# Consolidated Statement of Profit and Loss

for the year ended March 31, 2020

Particulars	Notes	2019-2020 (₹)	2018-19 (₹)
<b>INCOME</b>			
Revenue from operations	22	11,34,20,89,526	10,00,06,92,254
Other income	23	32,77,666	4,62,10,042
<b>Total Income</b>		<b>11,34,53,67,192</b>	<b>10,04,69,02,296</b>
<b>EXPENSES</b>			
Cost of materials consumed	24	3,71,33,21,085	4,12,05,69,315
Purchases of Stock-in-Trade		1,20,60,02,292	1,05,84,82,043
Changes in inventories of finished goods, work-in-process and Stock-in-Trade	25	52,94,72,879	(19,90,15,526)
Employee benefits expense	26	1,68,41,63,547	1,59,06,63,561
Finance costs	27	8,74,63,768	9,65,53,918
Depreciation and amortisation expense	28	26,66,15,489	22,80,39,029
Other expenses	29	2,28,66,10,455	2,10,85,44,102
<b>Total expenses</b>		<b>9,77,36,49,515</b>	<b>9,00,38,36,442</b>
<b>Profit before tax</b>		<b>1,57,17,17,677</b>	<b>1,04,30,65,854</b>
<b>Tax expense:</b>			
(1) Current Year		32,40,59,573	23,58,50,253
(2) Earlier year		(45,29,848)	(72,04,223)
(3) Deferred tax		4,46,61,105	1,00,48,779
<b>Total Tax Expenses</b>		<b>36,41,90,830</b>	<b>23,86,94,809</b>
<b>Profit for the Year</b>		<b>1,20,75,26,847</b>	<b>80,43,71,045</b>
<b>Other Comprehensive Income/(Loss)</b>			
<b>Items that will not be reclassified to Statement of Profit and Loss</b>			
- Remeasurement of the net defined benefit plans		25,14,400	4,56,009
- Income tax relating to above		(8,78,632)	(1,32,790)
<b>Items that will be reclassified to profit or loss</b>			
Exchange differences in translating the financial statements of a foreign operation		6,40,11,480	(43,08,270)
<b>Other Comprehensive Income/(Loss) for the year</b>		<b>6,56,47,248</b>	<b>(39,85,051)</b>
<b>Total Comprehensive income for the year</b>		<b>1,27,31,74,095</b>	<b>80,03,85,994</b>
Non-controlling interest		3,73,34,094	3,97,67,483
Owners of the Company		1,23,58,40,001	76,06,18,511
Earnings per equity share of ₹ 1 each			
(1) Basic (in ₹)		2.86	1.87
(2) Diluted (in ₹)		2.86	1.87

See significant accounting policies and accompanying notes to the financial statements.

As per our report of even date.

**FOR AND ON BEHALF OF**

**Bhuta Shah & Co LLP**

Chartered Accountants

Firm Registration No.: 101474W/W100100

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**TEJAS LALIWALA**

Partner

Membership No.: 127487

Place : Mumbai

Date : 02nd June, 2020

**MARK SALDANHA**

Chairman & Managing Director

DIN: 00020983

**HARSHAVARDHAN PANIGRAHI**

Company Secretary & Legal Manager

**SANDRA SALDANHA**

Whole - time Director

DIN: 00021023

**JITENDRA SHARMA**

Chief Financial Officer

# Consolidated Statement of Change in Equity

for the year ended 31st March, 2020

## A SHARE CAPITAL

Particulars	Equity Shares of ₹ 1/- each		7% Redeemable Cumulative Preference Shares of ₹ 100/- each	
	Number	₹	Number	₹
Shares outstanding at 01.04.2019	40,93,13,698	40,93,13,698	10,00,000	10,00,00,000
Shares issued during the Period	-	-	-	-
Shares redeemed during the Period	-	-	5,00,000	5,00,00,000
<b>Shares outstanding at 31.03.2020</b>	<b>40,93,13,698</b>	<b>40,93,13,698</b>	<b>5,00,000</b>	<b>5,00,00,000</b>
Shares outstanding at 01.04.2018	40,93,13,698	40,93,13,698	10,00,000	10,00,00,000
Shares issued during the Period	-	-	-	-
Shares redeemed during the Period	-	-	-	-
<b>Shares outstanding at 31.03.2019</b>	<b>40,93,13,698</b>	<b>40,93,13,698</b>	<b>10,00,000</b>	<b>10,00,00,000</b>

## B OTHER EQUITY

Particulars	RESERVES AND SURPLUS					Total attributable to owners of parent company	Non controlling interest	Total	
	Capital Reserves	Capital Redemption Reserve	Securities Premium Account	General Reserve	Surplus				Other Comprehensive income
Balance as at 1 April 2019	1,22,500	3,50,00,000	1,75,13,17,328	3,13,73,65,569	2,97,83,557	6,19,20,534	501,55,09,488	10,21,68,392	5,11,76,77,880
Profit for the Period	-	-	-	-	1,17,01,92,753	-	1,17,01,92,753	3,73,34,094	1,20,75,26,847
Other comprehensive income-	-	-	-	-	16,35,768	-	16,35,768	-	16,35,768
Remeasurement of the net defined benefit plans (net of tax)	-	-	-	-	(54,88,183)	-	(54,88,183)	-	(54,88,183)
Transactional impact on account of adoption of Ind AS 116 - Leases	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,16,63,40,338</b>	<b>-</b>	<b>1,16,63,40,338</b>	<b>3,73,34,094</b>	<b>1,20,36,74,432</b>
Exchange difference on translation of foreign operation	-	-	-	-	5,00,00,000	6,40,11,480	6,40,11,480	(84,01,063)	5,56,10,417
On Redemption of Preference Share	-	5,00,00,000	-	-	(29,50,32,467)	-	(29,50,32,467)	-	(29,50,32,467)
Dividend for the year	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2020</b>	<b>1,22,500</b>	<b>8,50,00,000</b>	<b>1,75,13,17,328</b>	<b>3,13,73,65,569</b>	<b>85,10,91,428</b>	<b>12,59,32,014</b>	<b>5,95,08,28,839</b>	<b>13,11,01,423</b>	<b>6,08,19,30,262</b>

# Consolidated Statement of Change in Equity

for the year ended 31st March, 2020

## B OTHER EQUITY (CONTD..)

Particulars	RESERVES AND SURPLUS					Other Comprehensive income	Total attributable to owners of parent company	Non controlling interest	Total
	Capital Reserves	Capital Redemption Reserve	Securities Premium Account	General Reserve	Surplus				
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
Balance as at 1 April, 2018	1,22,500	3,50,00,000	1,75,13,17,328	3,13,73,65,569	(69,07,01,838)	6,62,28,804	4,29,93,32,363	9,54,94,128	4,39,48,26,491
Profit for the Period	-	-	-	-	76,46,03,562	-	76,46,03,562	3,97,67,483	80,43,71,045
Other comprehensive income -									
Remeasurement of the net defined benefit plans (net of tax)					3,23,219		3,23,219		3,23,219
<b>Total comprehensive income for the year</b>					<b>76,49,26,781</b>		<b>76,49,26,781</b>	<b>3,97,67,483</b>	<b>80,46,94,264</b>
Exchange difference on translation of foreign operation						(43,08,270)	(43,08,270)	(90,29,916)	(1,33,38,186)
On Redemption of Preference Share									
Dividend for the year									
<b>Balance as at 31 March 2019</b>	<b>1,22,500</b>	<b>3,50,00,000</b>	<b>1,75,13,17,328</b>	<b>3,13,73,65,569</b>	<b>2,97,83,557</b>	<b>6,19,20,534</b>	<b>5,01,55,09,488</b>	<b>10,21,68,392</b>	<b>5,11,76,77,880</b>

### FOR AND ON BEHALF OF

**Bhuta Shah & Co LLP**

Chartered Accountants

Firm Registration No.: 101474W/W100100

**TEJAS LALIWALA**

Partner

Membership No.: 127487

Place : Mumbai

Date : 02nd June, 2020

**MARK SALDANHA**

Chairman & Managing Director

DIN: 00020983

**SANDRA SALDANHA**

Whole - time Director

DIN: 00021023

**JITENDRA SHARMA**

Chief Financial Officer

### FOR AND ON BEHALF OF THE BOARD OF DIRECTORS



# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

## BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1. COMPANY INFORMATION

Marksans Pharma Limited ("Marksans" or "the Company") and its subsidiaries (together referred to as 'the Group') are primarily engaged in the business of research, manufacture, marketing and sale of pharmaceutical formulation. The Group is headquartered in Mumbai, India and operates across many countries. The Company's equity shares are listed for trading on National Stock Exchange of India Limited and BSE Limited.

The manufacturing facilities of the Group are located at Goa (Verna) in India, Southport (London) in UK, Farmingdale (New York) in USA.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES USED IN THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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. For all periods up to and including the year ended 31 March 2017, the Group prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read with Companies (Indian Accounting Standard) Rules, 2015, as amended and other provisions of the Act.

The significant accounting policies that are used in the preparation of these consolidated financial statements are summarised below. These accounting policies are consistently used throughout the periods presented in the financial statements.

#### 2.1. Use of estimates

The preparation of financial statements in conformity with Ind AS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or area where assumptions and estimates are significant to these financial statements are disclosed in note 2.18 & 2.18.1.

These consolidated financial statements are prepared under the historical cost convention, except certain items which have been measured at their fair values, at the reporting date through profit or loss.

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

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

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. 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 price 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 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.

## 2.2. Basis of Consolidation

These consolidated financial statements include financial statements of the Company and all of its subsidiaries drawn up to the dates specified below. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group acquires control until the date the control ceases.

The difference between the cost of investments in the subsidiaries, over the net assets at the time of acquisition of shares in subsidiaries, or on the date of the financial statements immediately preceding the date of acquisition in subsidiaries, is recognised in the financial statements as Goodwill or Capital Reserve, as the case may be.

Inter-company transactions, balances and unrealised gains and losses on inter-company transactions between group companies are eliminated. Where unrealised losses on intragroup asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group perspective. Amounts reported in separate financial statements of subsidiaries are adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. Profit or loss and each component of other comprehensive income are attributed to the shareholders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity of the shareholders of the Company.

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

## 2.2(a) Following subsidiary companies have been considered in the preparation of the consolidated financial statements:

Sr. No	Name of the Entity	Year End Date	Country of Incorporation	Ownership at March 31, 2020 held by	% ownership held either directly or through subsidiaries as at March 31, 2020	% ownership held either directly or through subsidiaries as at March 31, 2019
1.	Marksans Pharma Inc.	31st March 2020	USA	Marksans Pharma Limited	100%	100%
	a) Time-Cap Laboratories Inc.	31st March 2020	USA	Marksans Pharma Inc.	100%	100%
	- Custom Coating Inc.	31st March 2020	USA	Time-Cap Laboratories Inc.	100%	100%
	- Marksans Realty LLC	31st March 2020	USA	Time-Cap Laboratories Inc.	100%	100%
2.	Nova Pharmaceuticals Australasia Pty Ltd	31st March 2020	Australia	Marksans Pharma Limited	60%	60%
3.	Marksans Pharma (UK) Limited	31st March 2020	UK	Marksans Pharma Limited	100%	100%
	a) Relonchem Limited	31st March 2020	UK	Marksans Pharma (UK) Limited	100%	100%
	b) Marksans Holdings Limited	31st March 2020	UK	Marksans Pharma (UK) Limited	100%	100%
	- Bell, Sons and Co. (Druggists) Limited	31st March 2020	UK	Marksans Holdings Limited	100%	100%
4.	Marksans Pharma GmbH	31st March 2020	Germany	Marksans Pharma Limited	100%	100%

## 2.3. Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the

- Fair values of assets transferred;
- Liability incurred to the former owner of the business acquired;
- Equity interests issued by the group; and
- Fair value of any assets or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred. The excess of the

- Consideration transferred;
- Amount of any non-controlling interest in the acquired entity; and

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

- Acquisition date fair value of any previous equity interest in the acquired entity.

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the statement of profit and loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate.

## 2.4. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of entities within the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in the consolidated income statement in the period in which they arise.

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 other comprehensive income/(loss) 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 average exchange rates prevailing during the year. Resulting foreign currency differences are recognised in other comprehensive income/(loss) and presented within equity as part of FCTR. When a foreign operation is disposed off, in part or in full, the relevant amount in the FCTR is transferred to the consolidated statement of Profit and Loss.

## 2.5. Revenue recognition

### Sale of goods

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

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

Revenue from contract research is recognised in the statement of profit and loss when right to receive a non-refundable payment from out-licensing partner is established.

Provisions for chargeback, rebates, discounts and medicaid payments are estimated and provided for in the year of sales and recorded as reduction from revenue. A chargeback is a claim made by the wholesaler for the difference between the price at which the product is initially invoiced to the wholesaler and the net price at which it is agreed to be procured. Provisions for such chargebacks are accrued and estimated based on historical average chargeback rate actually claimed over a period of time, current contract prices with wholesalers/ other customers and estimated inventory holding by the wholesaler. Such provisions are presented as a reduction from revenues.

## Services

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

## Export entitlements

Export entitlements from government authorities are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Group, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

## Other income

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

## 2.6. Property, Plant and Equipment

### Recognition and measurement

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

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

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

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

On transition to Ind AS, the group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

## Depreciation

Depreciation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of property, plant and equipment.

### The estimated useful lives are as follows:

Factory and other buildings	30 – 55 years
Plant and machinery	8 – 21 years
Furniture, fixtures and office equipment	4 – 21 years
Vehicles	5 – 6 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date. The cost of property, plant and equipment not put to use/ready for use before such date are disclosed under capital work in progress.

Individual assets are classified into components, the material components are recorded in the ratio of their respective fair values on the date of acquisition.

## 2.7. Borrowing Costs

Borrowing costs primarily comprise interest on the Group's borrowings. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in 'finance costs'. Borrowing costs are recognised using the effective interest rate method.

## 2.8. Intangible Assets

### Goodwill

Goodwill arises upon the acquisition of subsidiaries. Goodwill represents the excess of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. Goodwill is measured at cost less accumulated impairment losses.

### Research and development

Expenses on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognised in the statement of profit and loss as incurred.

Based on the management estimate of the useful lives indefinite useful life assets are tested for impairment and assets with limited life amortised on a straight-line basis over their useful economic lives from when the asset is available for use. During the periods prior to their launch (including periods when such products have been out-licensed to other companies), these assets are tested for impairment on an annual basis, as their economic useful life is indeterminable till then.

### De-recognition of intangible assets

Intangible assets are de-recognised either on their disposal or where no future economic benefits are expected from their use or disposal. Losses arising on such de-recognition are recorded in the statement of profit and loss and are measured as the difference between the net disposal proceeds, if any, and the carrying amount of respective intangible assets as on the date of de-recognition.

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

Intangible assets relating to products under development, other intangible assets not available for use and intangible assets having indefinite useful life are subject to impairment testing at each reporting date. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable. Any impairment losses are recognised immediately in the statement of profit and loss.

## Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which they relate.

Software for internal use, which is primarily acquired from third-party vendors, including consultancy charges for implementing the software, is capitalised. Subsequent costs are charged to the statement of profit and loss as incurred. The capitalised costs are amortised over the estimated useful life of the software.

## Amortisation

Amortisation of intangible assets, other than for goodwill, intangible assets not available for use and intangible assets having indefinite life, is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives from the date that they are available for use.

The estimated useful lives of Intangible assets are 5 - 10 years.

## 2.9. Impairment Testing of Property, Plant and Equipment, Goodwill and Intangible Assets

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

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. Impairment losses are recognised in the statement of profit and loss.

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

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

## 2.10. Investment and financial assets classification

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

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

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

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

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

### Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows represents solely payment of principal and interest.

### Measurement of debt instruments

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

- **Amortised cost:**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the statement of profit and loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

- **Fair value through other comprehensive income (FVOCI):**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through Other Comprehensive Income (OCI), except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of profit and loss and recognised in other income/ (expenses). Interest income from these financial assets is included in other income using the effective interest rate method.



# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

- **Fair value through profit or loss:**

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the statement of profit and loss and presented net in the statement of profit and loss within other income/(expenses) in the period in which it arises. Interest income from these financial assets is included in other income.

### Measurement of equity instruments

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

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

### Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 39 details how the Group determines whether there has been a significant increase in credit risk.

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

### De-recognition of financial assets

A financial asset is derecognised only when

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

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

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

### Interest income from financial assets

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

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

## 2.11. Financial Liabilities

Non derivative financial liabilities include trade and other payables.

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

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

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

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

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

## 2.12. Inventories

Inventories of finished goods, consumable store and spares are valued at cost or net realisable value, whichever is lower. Cost of raw materials and packing materials is ascertained on a specific identification method. Cost of work-in-process and finished goods include the cost of materials consumed, labour and manufacturing overheads. Excise and customs duty accrued on production or import of goods, as applicable, is included in the valuation of inventories.

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

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

## 2.13. Accounting for Income Taxes

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

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

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

Deferred tax is not recognised for the following temporary differences:

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

In addition, deferred tax is not recognised for taxable temporary differences arising upon the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

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

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

## 2.14. Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Group's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Group has concluded that no changes are required to lease period relating to the existing lease contracts.

### Group is the lessee

The Group lease asset classes primarily consist of leases for land, buildings and plant and machinery. The Group assesses whether a contract contains a lease, at inception of a contract. 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:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

At the date of commencement of the lease, the Group recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

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

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

## Group is the lessor

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

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

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

## 2.15. Equity

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

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

Foreign currency translation differences are included in the currency translation reserve.

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

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

## 2.16. Employee Benefits

### Short-term benefits

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

### Defined contribution plans

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

### Defined benefit plans

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

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

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

### Defined benefit costs are recognised as follows:

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

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

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

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

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

## Compensated leave of absence

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

## Termination benefits

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

## 2.17. Provisions, Contingent Liabilities and Contingent Assets

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

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

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

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

Contingent assets are not recognised.

## 2.18. Critical accounting estimates and significant judgement in applying accounting policies

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

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

### Leases

With effect from 1 April, 2019, the Group adopted Ind AS 116 "leases" (Ind AS 116) and supersedes Ind AS 17 "leases". The Group has adopted Ind AS 116 using the retrospective modified approach. In accordance with Ind AS 116, at the inception of a contract, the Group assessed whether the contract is or contains a lease.

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

## Deferred Tax

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

## Research and developments costs

Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred.

Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

## Provision for chargeback

Provisions for chargeback are estimated and provided for in the year of sales and recorded as reduction from revenue. A chargeback is a claim made by the wholesaler for the difference between the price at which the product is initially invoiced to the wholesaler and the net price at which it is agreed to be procured from the Company. Provisions for such chargebacks are accrued and estimated based on historical average chargeback rate actually claimed over a period of time, current contract prices with wholesalers/other customers and estimated inventory holding by the wholesaler.

### 2.18.1. Estimation Uncertainty

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

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

### Useful lives of various assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Group. The useful lives are specified in note 2.6 & 2.8.

### Post-employment benefits

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

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

## Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial instruments (note 2.1). In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

## Impairment

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

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors. Refer note 2.9 for Impairment testing assumptions for Intangibles and Goodwill.

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

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



# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

## NOTE NO.3 PROPERTY, PLANT AND EQUIPMENT

Particulars	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Computer and Software	Total	Capital Work-in-progress
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
Balance as at 1 April 2019	1,38,07,793	1,22,78,56,017	1,64,95,97,602	6,89,55,135	7,84,51,139	2,94,35,772	6,15,59,452	3,12,96,62,910	-
Acquisitions	-	3,15,64,249	32,33,92,961	2,17,78,578	32,70,853	71,92,355	13,43,600	38,85,42,596	-
Disposals/Transfers	-	-	53,20,773	-	25,08,616	-	-	78,29,389	-
<b>Balance as at 31 March 2020</b>	<b>1,38,07,793</b>	<b>1,25,94,20,266</b>	<b>1,96,76,69,790</b>	<b>9,07,33,713</b>	<b>792,13,376</b>	<b>3,66,28,127</b>	<b>6,29,03,052</b>	<b>3,51,03,76,117</b>	-
<b>Accumulated Depreciation</b>									
Balance as at 1 April 2019	-	19,07,20,679	82,57,14,403	2,44,30,168	3,95,42,246	1,61,06,204	5,23,28,355	1,14,88,42,055	-
Depreciation for the year	-	3,33,53,105	10,59,54,558	74,04,329	1,07,92,158	50,23,430	35,00,445	16,60,28,025	-
Disposals	-	-	32,96,596	-	19,22,621	38,711	-	52,57,928	-
Reclassification	-	1,02,827	-1,02,827	-	-	-	-	-	-
<b>Balance as at 31 March 2020</b>	<b>-</b>	<b>22,41,76,611</b>	<b>92,82,69,538</b>	<b>3,18,34,497</b>	<b>4,84,11,783</b>	<b>2,10,90,923</b>	<b>5,58,28,800</b>	<b>1,30,96,12,152</b>	<b>-</b>
<b>Carrying Value</b>									
<b>Balance as at 31 March 2020</b>	<b>1,38,07,793</b>	<b>1,03,52,43,655</b>	<b>1,03,94,00,252</b>	<b>5,88,99,216</b>	<b>3,08,01,593</b>	<b>1,55,37,204</b>	<b>70,74,252</b>	<b>2,20,07,63,965</b>	<b>-</b>
<b>Balance as at 1 April 2019</b>	<b>1,38,07,793</b>	<b>1,03,71,35,338</b>	<b>82,38,83,199</b>	<b>4,45,24,967</b>	<b>3,89,08,893</b>	<b>1,33,29,568</b>	<b>92,31,097</b>	<b>1,98,08,20,855</b>	<b>-</b>

Particulars	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Computer and Software	Total	Capital Work-in-progress
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
Balance as at 1 April 2018	1,38,07,793	1,21,48,77,946	1,44,56,71,710	5,67,98,687	7,84,51,139	2,74,33,497	5,88,47,402	2,89,58,88,174	-
Acquisitions	-	1,29,78,071	22,68,48,974	1,21,56,448	-	20,02,275	27,12,050	25,66,97,818	-
Disposals/Transfers	-	-	2,29,23,082	-	-	-	-	2,29,23,082	-
<b>Balance as at 31 March 2019</b>	<b>1,38,07,793</b>	<b>1,22,78,56,017</b>	<b>1,64,95,97,602</b>	<b>6,89,55,135</b>	<b>7,84,51,139</b>	<b>2,94,35,772</b>	<b>6,15,59,452</b>	<b>3,12,96,62,910</b>	<b>-</b>
<b>Accumulated Depreciation</b>									
Balance as at 1 April 2018	-	16,38,60,734	76,01,39,751	1,89,95,780	3,04,58,392	1,26,01,615	4,61,46,871	1,03,22,03,143	-
Depreciation for the year	-	2,68,59,945	8,79,37,127	54,34,388	90,83,854	35,04,589	61,81,484	13,90,01,387	-
Disposals	-	-	2,23,62,475	-	-	-	-	2,23,62,475	-
<b>Balance as at 31 March 2019</b>	<b>-</b>	<b>19,07,20,679</b>	<b>82,57,14,403</b>	<b>2,44,30,168</b>	<b>3,95,42,246</b>	<b>1,61,06,204</b>	<b>5,23,28,355</b>	<b>1,14,88,42,055</b>	<b>-</b>
<b>Carrying Value</b>									
<b>Balance as at 31 March 2019</b>	<b>1,38,07,793</b>	<b>1,03,71,35,338</b>	<b>82,38,83,199</b>	<b>4,45,24,967</b>	<b>3,89,08,893</b>	<b>1,33,29,568</b>	<b>92,31,097</b>	<b>1,98,08,20,855</b>	<b>-</b>
<b>Balance as at 1 April 2018</b>	<b>1,38,07,793</b>	<b>1,05,10,17,212</b>	<b>68,55,31,959</b>	<b>3,78,02,907</b>	<b>4,79,92,747</b>	<b>1,48,31,882</b>	<b>1,27,00,531</b>	<b>1,86,36,85,031</b>	<b>-</b>

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

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

### Intangible Assets

Particulars	Goodwill	Prescription Product Licences	OTC Product Licences	Internally Generated ANDA, Market Authorisations, Product Licences & Others	Right to Use (Asset)	Total
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
Balance as at 1 April 2019	74,75,18,994	45,79,09,043	57,20,212	72,18,27,019	-	1,93,29,75,268
Other Acquisitions	-	8,96,64,786	-	-	12,08,78,452	21,05,43,238
Disposals/Transfers	-	-	-	-	-	-
<b>Balance as at 31 March 2020</b>	<b>74,75,18,994</b>	<b>54,75,73,829</b>	<b>57,20,212</b>	<b>72,18,27,019</b>	<b>12,08,78,452</b>	<b>2,14,35,18,506</b>
<b>Accumulated Depreciation</b>						
Balance as at 1 April 2019	43,30,19,816	26,06,26,792	41,50,188	51,87,36,739	-	1,21,65,33,535
Depreciation for the year	4,49,79,995	2,77,07,034	4,72,229	59,22,268	2,15,05,938	10,05,87,464
Disposals	-	-	-	-	-	-
Reclassification	2,57,61,433	-2,57,61,433	-	-	-	-
<b>Balance as at 31 March 2020</b>	<b>50,37,61,244</b>	<b>26,25,72,393</b>	<b>46,22,417</b>	<b>52,46,59,007</b>	<b>2,15,05,938</b>	<b>1,31,71,20,999</b>
<b>Carrying Value</b>						
<b>Balance as at 31 March 2020</b>	<b>24,37,57,750</b>	<b>28,50,01,436</b>	<b>10,97,795</b>	<b>19,71,68,012</b>	<b>9,93,72,514</b>	<b>82,63,97,507</b>
<b>Balance as at 1 April 2019</b>	<b>31,44,99,178</b>	<b>19,72,82,251</b>	<b>15,70,024</b>	<b>20,30,90,280</b>	<b>-</b>	<b>71,64,41,733</b>

Particulars	Goodwill	Prescription Product Licences	OTC Product Licences	Internally Generated ANDA, Market Authorisations, Product Licences & Others	Right to Use (Asset)	Total
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
Balance as at 1 April 2018	1,02,09,31,434	39,32,71,133	46,01,331	63,87,81,844	-	2,05,75,85,742
Acquisitions	-	6,46,37,910	11,18,881	8,30,45,175	-	14,88,01,966
Disposals/Transfers	27,34,12,440	-	-	-	-	27,34,12,440
<b>Balance as at 31 March 2019</b>	<b>74,75,18,994</b>	<b>45,79,09,043</b>	<b>57,20,212</b>	<b>72,18,27,019</b>	<b>-</b>	<b>1,93,29,75,268</b>
<b>Accumulated Depreciation</b>						
Balance as at 1 April 2018	40,34,44,401	20,66,25,627	36,24,079	51,38,01,786	-	1,12,74,95,893
Depreciation for the year	2,95,75,415	5,40,01,165	5,26,109	49,34,953	-	8,90,37,642
Disposals	-	-	-	-	-	-
<b>Balance as at 31 March 2019</b>	<b>43,30,19,816</b>	<b>26,06,26,792</b>	<b>41,50,188</b>	<b>51,87,36,739</b>	<b>-</b>	<b>1,21,65,33,535</b>
<b>Carrying Value</b>						
<b>Balance as at 31 March 2019</b>	<b>31,44,99,178</b>	<b>19,72,82,251</b>	<b>15,70,024</b>	<b>20,30,90,280</b>	<b>-</b>	<b>71,64,41,733</b>
<b>Balance as at 1 April 2018</b>	<b>61,74,87,033</b>	<b>18,66,45,506</b>	<b>9,77,252</b>	<b>12,49,80,058</b>	<b>-</b>	<b>93,00,89,849</b>

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

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

### Note No.3.1

Land held on leasehold basis. Building includes those constructed on leasehold land.

### Note No.3.2

Addition to Fixed Assets include capital expenditure as per given below

R & D Expenditure	GOA	Navi Mumbai	Total
Capital Expenditure (₹)	Nil	Nil	Nil

### Note No.3.3

Refer Note No.17.1 for mortgage of above Fixed Assets.

## NOTE NO.4 OTHER NON- CURRENT FINANCIAL ASSETS

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
<b>Unsecured, considered good</b>		
Deposit	3,30,24,477	1,29,19,961
<b>Total</b>	<b>3,30,24,477</b>	<b>1,29,19,961</b>

## NOTE NO.5 DEFERRED TAX LIABILITIES (NET)

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
Deferred Tax Liabilities : DTL		
Deferred Tax Liability of Marksans Pharma UK Ltd.	1,71,74,180	92,23,920
<b>Total Deferred tax liability</b>	<b>1,71,74,180</b>	<b>92,23,920</b>
Deferred Tax Assets : DTA		
Deferred Tax Assets of Marksans Pharma Inc.	2,35,15,910	2,17,05,773
<b>Total Deferred tax assets</b>	<b>2,35,15,910</b>	<b>2,17,05,773</b>
<b>Net Deferred tax Assets</b>	<b>63,41,730</b>	<b>1,24,81,853</b>

## NOTE NO.6 INVENTORIES

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
a. Raw Materials and Packing Materials	91,72,03,887	90,17,52,475
b. Work-in-process	15,70,13,968	13,47,28,267
c. Finished goods	91,57,05,747	1,23,09,04,449
d. Stock-in-trade	42,85,15,736	66,50,75,614
<b>Total</b>	<b>2,41,84,39,338</b>	<b>2,93,24,60,805</b>

\*Refer Note No.17.1 for hypothecation of above inventories.

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

## NOTE NO.7 TRADE RECEIVABLES

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
Unsecured, considered good	2,43,35,17,408	1,76,59,69,384
Less:- Allowance for Bad and doubtful debts	-	-
<b>Total</b>	<b>2,43,35,17,408</b>	<b>1,76,59,69,384</b>

## NOTE NO.8 CASH AND CASH EQUIVALENTS

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
a. Balances with banks		
In current Accounts	93,07,74,345	32,81,39,113
In Dividend Accounts	15,89,232	13,67,665
b. Margin Money	44,74,984	54,67,529
c. Cash in hand	4,32,300	4,10,390
<b>Total</b>	<b>93,72,70,861</b>	<b>33,53,84,697</b>

### NOTE NO.8.1

Dividend accounts represent balance maintained in specific bank accounts for payment of dividends. The use of these funds is restricted and can only be used to pay dividend. The corresponding liability for payment of dividends is included in other current financial liability.

Margin Money represent money given against Bank Guarantees.

## NOTE NO.9 OTHER CURRENT FINANCIAL ASSETS

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
Unsecured, considered good		
Foreign exchange forward contract	-	9,51,630
Other Current Assets	20,44,932	23,14,674
<b>Total</b>	<b>20,44,932</b>	<b>32,66,304</b>

## NOTE NO.10 OTHER CURRENT ASSETS

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
Unsecured, considered good		
Merchandise Export Scheme Receivable	-	7,02,27,411
Others	11,06,01,124	20,71,10,523
<b>Total</b>	<b>11,06,01,124</b>	<b>27,73,37,934</b>

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

## NOTE NO.11 SHARE CAPITAL

Particulars	31st March, 2020		31st March, 2019	
	Number	₹	Number	₹
<b>Authorised</b>				
Equity Shares of ₹ 1/- each	55,00,00,000	55,00,00,000	55,00,00,000	55,00,00,000
7% Redeemable Cumulative Preference Shares of ₹ 100/- each	14,00,000	14,00,00,000	14,00,000	14,00,00,000
	<b>55,14,00,000</b>	<b>69,00,00,000</b>	<b>55,14,00,000</b>	<b>69,00,00,000</b>
<b>Issued, Subscribed &amp; Paid up</b>				
Equity Shares of ₹ 1/- each	40,93,13,698	40,93,13,698	40,93,13,698	40,93,13,698
<b>Total</b>	<b>40,93,13,698</b>	<b>40,93,13,698</b>	<b>40,93,13,698</b>	<b>40,93,13,698</b>

### a. Terms/rights attached to Equity Shares

The Company has only one class of Equity Shares having a face value of ₹1/- per share. All the Equity Shares rank pari passu in all respect. Each holder of Equity Shares is entitled to one vote per share. The equity share holders are entitled to dividend, if declared by the shareholders in an Annual General Meeting, in proportion to the number of Equity Shares held by the shareholders. 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.

### b. Terms/rights attached to Preference Shares

The Company's Issued, Subscribed and Paid-up Preference Share Capital is ₹5,00,00,000 (Rupees five crore) divided into 5,00,000 Preference shares of ₹100/- each. With consent of the sole shareholder, redemption date of these preference shares have been extended upto 27th March, 2023 with right of Marksans Pharma Ltd to redeem at par in one or more tranches before that date at its option. The preference shares carry dividend at the rate of 7% per annum subject to approval of the shareholders at an Annual General Meeting. The holder of the preference shares is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to the preference shares. In the event of liquidation of the Company before redemption of the preference shares, the holder of the preference shares will have priority over equity shares in the payment of dividend and repayment of capital.

c. The Company has not issued bonus shares and shares for consideration other than cash nor the Company has bought back any shares during the period of five years immediately preceding the reporting date except redemption of 100,000 Preference shares at par on 07.02.2015, 1,50,000 preference share at par on 31.03.2017, 100,000 preference shares at par on 14.03.2018, 100,000 Preference Shares at par on 30.10.2019, 200,000 Preference Shares at par on 17.01.2020 and 200,000 Preference Shares at par on 31.03.2020.

### d. Details of shareholders holding more than 5% shares in the Company

Particulars	31st March, 2020		31st March, 2019	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
<b>Equity Shares of ₹1/- each fully paid</b>				
Mr. Mark Saldanha	19,74,91,553	48.25	19,74,91,553	48.25
<b>7% Redeemable Cumulative Preference Shares of ₹100/- each fully paid</b>				
Glenmark Pharmaceuticals Limited	5,00,000	100	10,00,000	100

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

## NOTE NO.12 RESERVES AND SURPLUS

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
<b>a. Capital Reserves</b>		
Opening Balance	1,22,500	1,22,500
(+) Current Year Transfer	-	-
<b>Closing Balance</b>	<b>1,22,500</b>	<b>1,22,500</b>
<b>b. Capital Redemption Reserve</b>		
Opening Balance	3,50,00,000	3,50,00,000
(+) Transferred from Profit and Loss	5,00,00,000	-
<b>Closing Balance</b>	<b>8,50,00,000</b>	<b>3,50,00,000</b>
<b>c. Securities Premium Account</b>		
Opening Balance	1,75,13,17,328	1,75,13,17,328
(+) Securities premium credited on share issue	-	-
<b>Closing Balance</b>	<b>1,75,13,17,328</b>	<b>1,75,13,17,328</b>
<b>d. General Reserve</b>		
Opening Balance	3,13,73,65,569	3,13,73,65,569
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
<b>Closing Balance</b>	<b>3,13,73,65,569</b>	<b>3,13,73,65,569</b>
<b>e. Currency Translation Reserve</b>		
Opening Balance	6,19,20,534	6,62,28,804
(+) For the period	5,56,10,417	(1,33,38,186)
(+) Non controlling share of Translating Reserve	84,01,063	90,29,916
<b>Closing Balance</b>	<b>12,59,32,014</b>	<b>6,19,20,534</b>
<b>f. Retained Earning</b>		
Opening balance	2,97,83,557	(69,07,01,838)
(+) Net Profit/(Net Loss) for the current year	1,17,01,92,753	76,46,03,562
(-) Transfer to Capital Redemption Reserve	(5,00,00,000)	-
(-) Dividend for the year including Dividend Distribution Tax	(29,50,32,467)	(4,44,41,386)
Other Comprehensive Income/(Loss)		
Items that will not be reclassified to Statement of Profit and Loss		
(+) Remeasurement of the net defined benefit plans (Net of Tax)	16,35,768	3,23,219
Transactional impact on account of adoption of Ind AS 116 - Leases	(54,88,183)	-
<b>Closing Balance</b>	<b>85,10,91,428</b>	<b>2,97,83,557</b>
<b>Total</b>	<b>5,95,08,28,839</b>	<b>5,01,55,09,488</b>

### 1. Capital Reserve

The Capital Reserve had been created as per the requirement of earlier provision of the Companies Act, 1956. Such reserve is not available for distribution to the shareholders.

### 2. Capital Redemption Reserve

The Company has redeemed 8,50,000 7% Redeemable Cumulative Preference Shares of ₹100/- each face value at par out of profits of the Company on various dates. Accordingly, a sum equal to the nominal amount of the preference shares i.e. ₹8,50,00,000 has, out of the profits, been transferred to Capital Redemption Reserve, as and when Preference Shares were redeemed.

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

## NOTE NO.12 RESERVES AND SURPLUS (COND)

### 3. Securities Premium Account

The Company has on 30th March, 2015, issued and allotted 2,40,06,494 equity shares of ₹ 1/- each face value to qualified institutional buyers under QIP at a premium of ₹ 53.67 per equity share. Accordingly, the premium amount of ₹ 1,28,84,28,533.00 has been transferred to Securities Premium Account. Securities Premium Account also comprises of ₹ 46,28,88,795.00 received by the Company over and above the face value of shares issued on earlier dates.

### 4. General Reserve

The Company has transferred a portion of the net profit before declaring dividend to general reserve pursuant to the earlier provisions of the Companies Act, 1956. Transfer to general reserve is not mandatorily required under the Companies Act, 2013.

### 5. Currency Translation Reserve

Assets and Liabilities of foreign subsidiaries are translated into ₹ at the rate of exchange prevailing as at the date of the Balance Sheet. Revenue and expenses are translated into ₹ at the average exchange rate prevailing during the period. The exchange difference arising at year end due to translation is debited or credited to currency translation reserve account.

### 6. Retained Earning

Accumulated earnings include all current and prior period profits/(loss) as disclosed in the statement of profit and loss.

## NOTE NO.13 OTHER NON CURRENT FINANCIAL LIABILITIES

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
7% Redeemable Cumulative Preference Shares of ₹ 100/- each	5,00,00,000	10,00,00,000
<b>Total</b>	<b>5,00,00,000</b>	<b>10,00,00,000</b>

## NOTE NO.14 DEFERRED TAX LIABILITIES (NET)

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
<i>Deferred Tax Liabilities : DTL</i>		
Accelerated depreciation	11,55,08,283	7,62,30,165
<b>Total Deferred tax liability</b>	<b>11,55,08,283</b>	<b>7,62,30,165</b>
<i>Deferred Tax Assets : DTA</i>		
Defined benefit obligations	79,55,270	57,16,427
Change in Fair valuation of Financial Assets	4,93,201	3,53,580
<b>Total Deferred tax assets</b>	<b>84,48,471</b>	<b>60,70,007</b>
<b>Net Deferred tax Liability</b>	<b>10,70,59,812</b>	<b>7,01,60,158</b>
Deferred Tax on OCI Liabilities	8,78,632	1,32,790
Deferred Tax on OCI Assets	-	-
<b>Net Deferred tax Liability</b>	<b>10,79,38,444</b>	<b>7,02,92,948</b>

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

## NOTE NO.15 OTHER NON-CURRENT LIABILITIES

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
Lease Liability	10,76,15,359	-
<b>Total</b>	<b>10,76,15,359</b>	<b>-</b>

## NOTE NO.16 PROVISIONS

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
- Gratuity	1,15,11,355	1,08,92,004
- Leave Encashment	32,34,401	26,65,398
<b>(Refer Note No.33)</b>		
<b>Total</b>	<b>1,47,45,756</b>	<b>1,35,57,402</b>

## NOTE NO.17 BORROWINGS-CURRENT

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
<b>Secured</b>		
Working Capital facilities from Bank		
Borrowings in Foreign Currency	18,84,25,387	82,83,05,603
Borrowings in ₹	-	17,07,81,669
<b>Total</b>	<b>18,84,25,387</b>	<b>99,90,87,272</b>

### NOTE NO.17.1

Working capital are secured by Hypothecation of all the current assets, receivables and book debts, and other movable assets of the Company in favour of the consortium by way of first charge on pari-passu basis and by way of second charge on the present and future fixed assets (both movable and immovable) of the company's plant at Verna,Goa in favour of Consortium on a pari-passu basis. The Company has taken working capital from banks at interest rates of Libor+1% (In case of foreign currency ) to 11.50% (in case of borrowings in ₹)

## NOTE NO.18 TRADE PAYABLE

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
a) Total outstanding dues to Micro, Small & Medium Enterprises	19,60,531	10,60,945
b) Total outstanding dues to other than Micro, Small & Medium Enterprises	1,04,30,49,882	1,05,96,31,072
<b>Total</b>	<b>1,04,50,10,413</b>	<b>1,06,06,92,017</b>



# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

## NOTE NO.19 OTHER CURRENT FINANCIAL LIABILITIES

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
Current maturities of Vehicle Loan	4,58,242	30,78,115
Employee Dues	7,23,82,564	7,19,83,978
Unclaimed Dividend	15,89,232	13,67,665
Foreign exchange forward contract	10,27,020	-
Deposits	10,000	10,000
Other Current Liability	48,07,43,010	13,26,02,479
<b>Total</b>	<b>55,62,10,068</b>	<b>20,90,42,237</b>

## NOTE NO.20 PROVISIONS

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
a. Provision for Gratuity and compensated absences		
- Gratuity	35,56,697	34,04,814
- Leave Encashment	19,48,916	22,12,363
b. Others	1,20,84,533	27,59,797
c. Proposed Dividend	27,10,50,000	-
<b>Total</b>	<b>28,86,40,146</b>	<b>83,76,974</b>

## NOTE NO.21 CURRENT TAX LIABILITIES(NET)

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
Income Tax provision	11,85,71,809	4,90,43,098
<b>Total</b>	<b>11,85,71,809</b>	<b>4,90,43,098</b>

## NOTE NO.22 REVENUE FROM OPERATIONS

Particulars	2019-20 (₹)	2018-19 (₹)
Sale of products	11,29,33,48,919	9,87,33,23,177
Other operating revenues :-		
Scrap Sales	72,18,416	1,31,10,296
Export Incentives	4,15,22,191	11,42,58,781
<b>Total</b>	<b>11,34,20,89,526</b>	<b>10,00,06,92,254</b>

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

## NOTE NO.23 OTHER INCOME

Particulars	2019-20 (₹)	2018-19 (₹)
Interest Income	4,26,838	5,71,037
Insurance Claim received	5,25,443	12,01,993
Other income	15,02,210	9,03,629
Unwinding discount on Security Deposits i.e. Interest Income	5,74,382	3,14,427
Profit on sale of fixed assets	2,48,793	-
Change in Fair value of Forward contract	-	9,51,630
Foreign Exchange GAIN	-	4,22,67,326
<b>Total</b>	<b>32,77,666</b>	<b>4,62,10,042</b>

## NOTE NO.24 COST OF MATERIALS CONSUMED

Particulars	2019-20 (₹)	2018-19 (₹)
<b>Cost of material and components consumed</b>	<b>3,71,33,21,085</b>	<b>4,12,05,69,315</b>

## NOTE NO.25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE

Particulars	2019-20 (₹)	2018-19 (₹)
<b>Changes in inventories of finished goods, work-in-process and stock-in-trade</b>	<b>52,94,72,879</b>	<b>(19,90,15,526)</b>

## NOTE NO.26 EMPLOYEE BENEFITS EXPENSE

Particulars	2019-20 (₹)	2018-19 (₹)
(a) Salaries and Wages	1,62,77,67,506	1,54,08,95,037
(b) Contributions to - Provident fund , E.S.I.C. and other fund	4,68,33,042	4,19,74,981
(c) Staff welfare expenses	95,62,999	77,93,543
<b>Total</b>	<b>1,68,41,63,547</b>	<b>1,59,06,63,561</b>

## NOTE NO.27 FINANCE COST

Particulars	2019-20 (₹)	2018-19 (₹)
Interest expense	4,97,02,584	5,92,48,443
Bank charges	2,93,22,313	3,03,05,475
Dividend on preference share including DDT	84,38,871	70,00,000
<b>Total</b>	<b>8,74,63,768</b>	<b>9,65,53,918</b>

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

## NOTE NO.28 DEPRECIATION AND AMORTIZATION EXPENSE

Particulars	2019-20 (₹)	2018-19 (₹)
Depreciation on tangible assets	16,60,28,025	13,90,01,387
Amortisation of intangible assets	10,05,87,464	8,90,37,642
<b>Total</b>	<b>26,66,15,489</b>	<b>22,80,39,029</b>

## NOTE NO.29 OTHER EXPENSES

Particulars	2019-20 (₹)	2018-19 (₹)
Water Charges	37,58,609	35,10,219
Power & Fuel	14,00,25,021	13,98,87,812
Freight Inward & Raw Material Clearing Charges	22,95,18,845	19,29,26,535
Repairs & Maintenance - Plant and Machinery	4,61,28,184	6,71,22,739
Repairs & Maintenance - Building	3,68,21,489	3,45,33,933
Other Manufacturing Expenses	23,45,71,782	19,48,96,359
Rent	10,13,30,583	6,82,14,341
Rates & Taxes	2,12,24,974	2,45,01,877
Travelling Expenses	7,18,08,367	6,71,03,734
Communication Expenses	1,26,23,201	1,27,66,488
Courier & Postage Expenses	29,31,680	19,61,219
Printing & Stationery	1,07,94,073	1,09,80,803
Auditors Remuneration	33,45,074	37,86,402
Vehicle Expenses & Local Conveyance	1,77,21,353	1,72,56,266
Legal & Professional Fees	8,02,22,667	10,58,84,228
Office Expenses	57,34,889	74,51,038
Insurance Charges	8,34,66,280	10,96,10,859
Change in Fair value of Forward contract	10,27,020	-
Corporate Social responsibility expenses	24,16,910	-
Loss on sale of Fixed Assets	-	(61,320)
Other Operating Expenses	32,68,32,718	28,18,79,760
Food and drug administration fees	6,17,11,188	9,80,24,729
Freight Outward & Export Clearing Expenses	48,88,01,037	36,93,82,960
Selling & Distribution Expenses	30,37,94,511	29,69,23,121
<b>Total</b>	<b>2,28,66,10,455</b>	<b>2,10,85,44,102</b>

### Note No.29.1 Details of Payments to the Auditor

Particulars	2019-20 (₹)	2018-19 (₹)
a. Audit fees	33,45,074	37,86,402

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

## NOTE NO.30 PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

### Contingent liabilities and commitments

Particulars	2019-20 (₹)	2018-19 (₹)
<b>Contingent Liabilities</b>		
a) Guarantees and Letter of Credit	47,58,98,114	29,82,13,254
b) Claims against the Company not acknowledged as debts – Taxation		
- A.Y 2006-07	Uncertain	Uncertain
Appellate Authority – High Court (Demand for regular assessment)		
- A.Y 2006-07	57,99,493	57,99,493
Appellate Authority – High Court (Penalty)		
	<b>48,16,97,607</b>	<b>30,40,12,747</b>

## NOTE NO. 31 CORPORATE SOCIAL RESPONSIBILITY (CSR)

Although the Company is required to spend ₹ 56,82,823 (PY ₹ 80,57,329) towards Corporate Social Responsibility, the Company has spent ₹ 24,16,910 towards CSR Expenditure during the Year.(Previous Year: Nil).

## NOTE NO. 32 RESEARCH AND DEVELOPMENT EXPENDITURE

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.

The amount incurred by the Holding Company as Research and Development expenditure during the year:

Particulars	GOA (₹)	Navi Mumbai (₹)	Total (₹)
Capital Expenditure	Nil	Nil	Nil
Revenue Expenditure	5,01,24,345	3,30,22,546	8,31,46,891
<b>TOTAL</b>	<b>5,01,24,345</b>	<b>3,30,22,546</b>	<b>8,31,46,891</b>

## NOTE NO. 33 - EMPLOYEE POST- RETIREMENT BENEFITS

The following are the employee benefit plans applicable to the employees of the Company.

### I Gratuity (defined benefit plan)

In accordance with the applicable laws, the Company provides for gratuity, a defined benefit retirement plan (“the Gratuity Plan”) covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement, death, incapacitation or termination of employment of amounts that are based on salary and tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation.

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

## NOTE NO. 33 EMPLOYEE POST- RETIREMENT BENEFITS (CONTD..)

a The Company recognised total retirement benefit costs related to all retirement plans as follows:

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
Current Service Cost	25,64,500	29,36,125
Past Cost / (Gain)		(93,171)
Interest Cost	10,06,194	8,05,598
<b>Scheme Cost (Income) to P&amp;L</b>	<b>35,70,694</b>	<b>36,48,552</b>

b The remeasurement components recognised in other comprehensive income for the Company's defined benefit plans comprise the following:

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
<b>Change in Financial Assumption</b>	<b>10,18,437</b>	<b>31,441</b>
Change in the Salary Escalation Rate Assumption	-	-
Change in the Discount Rate	10,18,437	31,441
<b>Change in Demographic Assumption</b>	<b>(64)</b>	<b>-</b>
Change in the Mortality Rate Assumption	(64)	-
Change in the Attrition Rate Assumption	-	-
Experience Adjustment	(35,32,773)	(1,12,875)
<b>Total Actuarial (Gain) / Loss related to Liability</b>	<b>(25,14,400)</b>	<b>(81,434)</b>

c The following table shows the change in present value of defined benefit obligations, the change in plan assets and the funded status recognised in the financial statements for the Company's defined benefit plans.

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
Defined Benefit Obligations (DBO)	1,50,68,052	1,42,96,818
Fair Value of Plan Assets	-	-
<b>Net (Assets) / Liabilities</b>	<b>1,50,68,052</b>	<b>1,42,96,818</b>

d Break-up of the defined benefit plan related balance sheet amounts as at 31 March 2020 and 31 March 2019, is shown below.

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
Current Liability	35,56,697	34,04,814
Non-Current Liability	1,15,11,355	1,08,92,004
<b>Total</b>	<b>1,50,68,052</b>	<b>1,42,96,818</b>

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

## NOTE NO. 33 EMPLOYEE POST- RETIREMENT BENEFITS (CONTD..)

- e The movements in the net Defined Benefit Obligations(DBO) recognised within the balance sheet are as follows:

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
<b>DBO at the beginning of the reporting period</b>	<b>1,42,96,818</b>	<b>1,08,86,461</b>
Current Service Cost	25,64,500	29,36,125
Past Service (Cost) / Gain	-	(93,171)
Interest Cost	10,06,194	8,05,598
Benefits paid including to be paid	(2,85,061)	(1,56,761)
Remeasurements due to Actuarial Gain / (Loss)	(25,14,400)	(81,434)
<b>DBO at the end of the reporting period</b>	<b>1,50,68,051</b>	<b>1,42,96,818</b>

- f Change in Fair Value of Assets for the period ending as at 31 March 2020 and 31 March 2019

The Company has not invested in any plan assets.

- g The principal actuarial assumptions used for the defined benefit obligations as at 31 March 2020 are as follows:

Particulars	31-Mar-20 (%)	31-Mar-19 (%)
Discount Rate	5.35%	7.35%
Rate of Salary Increase	8.00%	8.00%

- h Mortality rates have been set in accordance with current best practices. The average life expectancy in years on the balance sheet date is as follows:

Particulars	31-Mar-20	31-Mar-19
Retirement Age	58 Years	58 Years

- i A feature all plans have in common is that the discount rate has a significant impact on the present value of obligations. The other assumptions have varying impacts on the different plans in different geographic regions. In the break-up presented below, the varying impact of changes in the key assumptions is shown.

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)	31-Mar-20 (%)	31-Mar-19 (%)
Base Scenario	1,50,68,051	1,42,96,818		
Discount Rate: Increase by 1%	1,45,39,177	1,36,93,087	-3.51%	-4.22%
Discount Rate: Decrease by 1%	1,56,40,821	1,49,55,650	3.80%	4.61%
Salary Escalation Rate: Increase by 1%	1,45,46,913	1,38,02,858	-3.46%	-3.46%
Salary Escalation Rate: Decrease by 1%	1,56,20,402	1,48,21,708	3.67%	3.67%

Each sensitivity analysis result, disclosed here, is based on changing one assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the DBO to variations in significant actuarial assumptions, the same method (present value of the DBO calculated with the projected unit credit method at the end of the reporting period) has been applied as for calculating the liability recognised in the statement of financial position.

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

## NOTE NO. 33 EMPLOYEE POST- RETIREMENT BENEFITS (CONTD..)

### II Compensated leave of absence plan (other long term benefit plan)

a The Company recognised total retirement benefit costs related to all retirement plans as follows:

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
Current Service Cost	19,59,824	18,21,569
Past Service Cost / (Gain)	-	(38,269)
Interest Cost	3,53,185	2,87,046
Other Long term benefit	(11,99,716)	(3,74,575)
<b>Scheme Cost (Income) to P&amp;L</b>	<b>11,13,293</b>	<b>16,95,771</b>

b The remeasurement components recognised in other comprehensive income for the Company's defined benefit plans comprise the following:

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
<b>Change in Financial Assumption</b>	<b>(2,79,232)</b>	<b>(8,648)</b>
Change in the Salary Escalation Rate Assumption	-	-
Change in the Discount Rate	(2,79,232)	(8,648)
<b>Change in Demographic Assumption</b>	<b>-</b>	<b>0</b>
Change in the Mortality Rate Assumption	-	-
Change in the Attrition Rate Assumption	-	-
<b>Experience Adjustment</b>	<b>14,78,947</b>	<b>3,83,223</b>
<b>Total Actuarial Gain/(Loss) related to Liability</b>	<b>11,99,715</b>	<b>3,74,575</b>

c The following table shows the change in present value of defined benefit obligations, the change in plan assets and the funded status recognised in the financial statements for the Company's defined benefit plans.

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
Defined Benefit Obligations (DBO)	(51,83,317)	(48,77,761)
Fair Value of Plan Assets (FVPA)	-	-
<b>Net Assets / (Liabilities)</b>	<b>(51,83,317)</b>	<b>(48,77,761)</b>

d Break-up of the defined benefit plan related balance sheet amounts as at 31 March 2020 and 31 March 2019, is shown below.

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
Current Liability	(19,48,916)	(22,12,363)
Non-Current Liability	(32,34,401)	(26,65,398)
<b>Total</b>	<b>(51,83,317)</b>	<b>(48,77,761)</b>

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

- e The movements in the net Defined Benefit Obligations(DBO) recognised within the balance sheet are as follows:

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
<b>DBO at the beginning of the reporting period</b>	<b>48,77,761</b>	<b>38,79,005</b>
Current Service Cost	19,59,824	18,21,569
Past Service (Cost) / Gain	-	(38,269)
Interest Cost	3,53,185	2,87,046
Benefits paid	(8,07,737)	(6,97,015)
Remeasurements due to Actuarial Gain / (Loss)	(11,99,715)	(3,74,575)
<b>DBO at the end of the reporting period</b>	<b>51,83,317</b>	<b>48,77,761</b>

- f Change in Fair Value of Assets for the period ending as at 31 March 2020 and 31 March 2019

The Company has not invested in any plan assets.

- g The principal actuarial assumptions used for the defined benefit obligations as at 31 March 2020 are as follows:

Particulars	31-Mar-20	31-Mar-19
Discount Rate	5.35%	7.35%
Rate of Salary Increase	8.00%	8.00%

- h Mortality rates have been set in accordance with current best practices. The average life expectancy in years on the balance sheet date is as follows:

Particulars	31-Mar-20	31-Mar-19
Retirement Age	58 Years	58 Years

- i A feature all plans have in common is that the discount rate has a significant impact on the present value of obligations. The other assumptions have varying impacts on the different plans in different geographic regions. In the break-up presented below, the varying impact of changes in the key assumptions is shown.

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)	31-Mar-20 (%)	31-Mar-19 (%)
Base Scenario	51,83,317	48,77,761		
Discount Rate: Increase by 1%	50,38,628	47,10,925	-2.79%	-4.22%
Discount Rate: Decrease by 1%	53,39,746	50,57,970	3.02%	4.61%
Salary Escalation Rate: Increase by 1%	50,40,486	47,09,041	-2.76%	-3.46%
Salary Escalation Rate: Decrease by 1%	53,34,206	50,56,738	2.91%	3.67%

Each sensitivity analysis result, disclosed here, is based on changing one assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the DBO to variations in significant actuarial assumptions, the same method (present value of the DBO calculated with the projected unit credit method at the end of the reporting period) has been applied as for calculating the liability recognised in the statement of financial position.



# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

## NOTE NO. 34 SEGMENT REPORTING

Particulars	2019-20 (₹)	2018-19 (₹)
<b>Revenue</b>		
- Domestic Operations	10,48,11,35,104	60,26,78,878
- International Operations	86,09,54,422	9,44,42,23,419
<b>Total</b>	<b>11,34,20,89,526</b>	<b>10,04,69,02,297</b>
<b>Assets</b>		
- Domestic Operations	8,78,41,72,213	1,86,74,36,224
- International Operations	18,42,29,129	6,16,96,47,302
<b>Total</b>	<b>8,96,84,01,342</b>	<b>8,03,70,83,526</b>
<b>Liabilities</b>		
- Domestic Operations	2,41,80,95,863	1,37,46,01,308
- International Operations	5,90,61,519	1,13,54,90,640
<b>Total</b>	<b>2,47,71,57,382</b>	<b>2,51,00,91,948</b>

## NOTE NO. 35 EARNING PER SHARE

Earning per share is calculated by dividing the profit/(loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as computed below:

Particulars	2019-20 (₹)	2018-19 (₹)
<b>Earning Per Share (EPS)</b>		
1) Net profit as per the Statement of Profit and Loss available for equity shareholders	1,17,01,92,753	76,46,03,562
2) Weighted average number of equity shares for Earning Per Share computation		
a) For Basic Earning Per Share of ₹1/- each	40,93,13,698	40,93,13,698
b) For Diluted Earning Per Share of ₹1/- each		
- No. of Share for Basic EPS as per 2 a	40,93,13,698	40,93,13,698
- Add: Weighted average outstanding	-	-
- No. of share for diluted Earning Per Share of ₹1/- each	40,93,13,698	40,93,13,698
3) Earning Per Share (Weighted Average)		
Basic	2.86	1.87
Diluted	2.86	1.87

## NOTE NO. 36 RELATED PARTY DISCLOSURES

### i. Key Management Personnel (KMP)

- Mr. Mark Saldanha - Managing Director
- Mrs. Sandra Saldanha - Whole-time Director
- Mr. Varddhman Vikramaditya Jain
- Mr. Jitendra Sharma - Chief Financial Officer
- Mr. Harshavardhan Panigrahi - Company Secretary

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

## NOTE NO. 36 RELATED PARTY DISCLOSURES (CONTD..)

### ii. Relatives of KMP

Mrs. Sandra Saldanha is spouse of Mr. Mark Saldanha (Managing Director)

Mr. Mark Saldanha is spouse of Mrs. Sandra Saldanha (Whole-time Director)

### iii List of related parties with whom transactions have taken place during the year are as follows:

#### (i) Key Management Personnel / Directors – Remuneration and sitting fees:

Particulars	2019-20 (₹)	2018-19 (₹)
Mr. Mark Saldanha	1,04,32,320	1,04,32,320
Mrs. Sandra Saldanha	70,29,564	70,29,564
Dr. Vinay Gopal Nayak	-	1,53,77,820
Mr. Varddhan Vikramaditya Jain	1,37,49,828	26,39,874
Mr. Abhinna Sundar Mohanty	20,000	-
Mr. Seetharama Raju Bhuddharaju	30,000	-
Mr. Digant Mahesh Parikh	25,000	-
Mr. Jitendra Sharma	1,24,48,380	1,10,26,456
Mr. Harshavardhan Panigrahi	23,59,308	21,29,358
<b>Total</b>	<b>4,60,94,400</b>	<b>4,86,35,392</b>

#### (ii) Rent paid to Related Party

Particulars	2019-20 (₹)	2018-19 (₹)
Mr. Mark Saldanha	1,04,43,336	1,02,93,336

## NOTE NO.37 FAIR VALUE MEASUREMENTS

Financial instruments by category

Particulars	As at 31 March 2020 (₹)			As at 31 March 2019 (₹)		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
<b>Financial assets</b>						
Other Non-current financial assets	3,30,24,477	-	-	1,29,19,961	-	-
Trade receivables, net	-	-	2,43,35,17,408	-	-	1,76,59,69,384
Cash and cash equivalents	-	-	93,72,70,861	-	-	33,53,84,697
Others current financial assets	-	-	20,44,932	9,51,630	-	23,14,674
<b>Total</b>	<b>3,30,24,477</b>	<b>-</b>	<b>3,37,28,33,201</b>	<b>1,38,71,591</b>	<b>-</b>	<b>2,10,36,68,755</b>

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

## NOTE NO.37 FAIR VALUE MEASUREMENTS (CONTD..)

Financial instruments by category

Particulars	As at 31 March 2020 (₹)			As at 31 March 2019 (₹)		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
<b>Financial Liabilities</b>						
Other Non-current financial liabilities	-	-	5,00,00,000	-	-	10,00,00,000
Short term borrowings	-	-	18,84,25,387	-	-	99,90,87,272
Trade payables	-	-	1,04,50,10,413	-	-	1,06,06,92,017
Other current financial liabilities	10,27,020	-	55,51,83,048	-	-	20,90,42,237
<b>Total</b>	<b>10,27,020</b>	<b>-</b>	<b>1,83,86,18,848</b>	<b>-</b>	<b>-</b>	<b>2,36,88,21,526</b>

### Notes

- Trade receivables comprise amounts receivable from the sale of goods and services.
- The management considers that the carrying amount of trade and other receivables approximates their fair value.
- Bank balances and cash comprise cash and short-term deposits held by the Group. The carrying amount of these assets approximates their fair value.
- Trade and other payables principally comprise amounts outstanding for trade purchases and on-going costs. The management considers that the carrying amount of trade payables approximates their fair value.

### Fair value hierarchy:

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

All amortised cost and fair value through profit & loss financial assets and liabilities are classified as level 3 inputs, except, Foreign Exchange Forward Contract of ₹ 10,27,020 under other current financial liabilities (Previous Year ₹ 9,51,630 under other current financial assets) are classified as Level 1 input as market price for currency is readily available.

## NOTE NO.38 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

## NOTE NO.38 CAPITAL MANAGEMENT POLICIES AND PROCEDURES (CONTD..)

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the balance sheet. Capital for the reporting periods are summarised as follows:

The Group's goal in capital management is to maintain a capital-to-overall financing structure ratio as low as possible.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
Total equity	6,49,12,43,960	5,52,69,91,578
Less: Cash & cash equivalents	93,72,70,861	33,53,84,697
<b>Capital</b>	<b>5,55,39,73,099</b>	<b>5,19,16,06,881</b>
Total equity	6,49,12,43,960	5,52,69,91,578
Add Borrowings	18,84,25,387	99,90,87,272
Add Other Financial Liabilities	5,00,00,000	10,00,00,000
<b>Overall financing</b>	<b>6,72,96,69,347</b>	<b>6,62,60,78,850</b>
<b>Capital to overall financing ratio</b>	<b>0.83</b>	<b>0.78</b>

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
<b>(i) Equity Shares</b>		
Final dividend paid during the year ended including Dividend Distribution Tax	29,50,32,467	4,44,41,386

## NOTE NO.39 RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which results from the Group's operating and investing activities. The Group's risk management is coordinated, in close co-operation with the board of directors and the core management team of the subsidiaries, and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Financial assets that potentially subject the Group to concentrations of credit risk consist principally of cash equivalents, trade receivables, other receivables, investment securities and deposits. By their nature, all such financial instruments involve risk including the credit risk of non-performance by counter parties.

The Group's cash equivalents and deposits are invested with banks.

The Group's trade and other receivables are actively monitored to review credit worthiness of the customers to whom credit terms are granted and also avoid significant concentrations of credit risks.

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

## NOTE NO.39 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD..)

### (i) Credit risk analysis

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

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
Cash & cash equivalents	93,72,70,861	33,53,84,697
Trade Receivables	2,43,35,17,408	1,76,59,69,384
Short Term Financial Assets	20,44,932	32,66,304
Long Term Financial Assets	3,30,24,477	1,29,19,961
<b>Total</b>	<b>3,40,58,57,678</b>	<b>2,11,75,40,346</b>

#### Cash and cash equivalents

The Group held cash and cash equivalents and other bank balances of ₹ 9,372.71 lakhs at March 31, 2020 (March 31, 2019: ₹ 3,353.85 lakhs). The cash and cash equivalents are held with bank and financial institution counterparties with good credit ratings.

#### Trade receivables

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

The Expected Credit Loss on Trade Receivables has been provided as NIL, since major receivables are from Subsidiaries and step-down subsidiaries which are considered good.

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

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
Outstanding for more than 6 months	3,07,09,446	5,01,83,185
Others	2,40,28,07,962	1,71,57,86,199
<b>Total</b>	<b>2,43,35,17,408</b>	<b>1,76,59,69,384</b>

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

The Group's management considers that all the above financial assets that are not impaired at each of the reporting dates and are of good credit quality, including those that are past due.

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

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

## NOTE NO.39 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD..)

### (ii) Liquidity risk analysis

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

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

As at 31 March 2020, the Group's liabilities have contractual maturities which are summarised below:

Particulars	Current	Non-Current	
	Within 1 year (₹)	1 to 5 years (₹)	More than 5 years (₹)
Trade payable	1,04,50,10,413	-	-
Financial liabilities	-	5,00,00,000	-
Short term borrowings	18,84,25,387	-	-
Other current financial liabilities	55,62,10,068	-	-
<b>Total</b>	<b>1,78,96,45,868</b>	<b>5,00,00,000</b>	<b>-</b>

As at 31 March 2019, the Company's liabilities have contractual maturities which are summarised below:

Particulars	Current	Non-Current	
	Within 1 year (₹)	1 to 5 years (₹)	More than 5 years (₹)
Trade payable	10,60,692,017	-	-
Financial liabilities	-	10,00,00,000	-
Short term borrowings	99,90,87,272	-	-
Other current financial liabilities	20,90,42,237	-	-
<b>Total</b>	<b>2,26,88,21,526</b>	<b>10,00,00,000</b>	<b>-</b>

### (iii) Market Risk Analysis

#### (a) Foreign Currency sensitivity

Financial instruments by category

Foreign currency denominated financial assets and liabilities, translated into USD at the closing rate are as follows:

Particulars	31-Mar-20			31-Mar-19		
	USD	RATE	₹	USD	RATE	₹
<b>Short term exposure</b>						
Financial assets						
Trade receivables	23,92,765	73.00	17,46,71,854	21,49,784	68.35	14,69,37,754
<b>FINANCIAL ASSETS</b>	<b>23,92,765</b>	<b>73.00</b>	<b>17,46,71,854</b>	<b>21,49,784</b>	<b>68.35</b>	<b>14,69,37,754</b>
<b>Financial liabilities</b>						
Borrowings (PCFC)	7,46,401	75.75	5,65,39,857	57,29,241	70.00	40,10,46,871
Trade payables / other	71,781	75.75	54,37,361	4,51,894	70.00	3,16,32,568
<b>FINANCIAL LIABILITIES</b>	<b>8,18,182</b>	<b>75.75</b>	<b>6,19,77,218</b>	<b>61,81,135</b>	<b>70.00</b>	<b>43,26,79,439</b>
<b>Short term exposure</b>	<b>15,74,583</b>	<b>71.57</b>	<b>11,26,94,636</b>	<b>-40,31,351</b>	<b>70.88</b>	<b>-28,57,41,685</b>

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

## NOTE NO.39 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD..)

### (iii) Market Risk Analysis (Contd..)

#### (a) Foreign Currency sensitivity (Contd..)

US Dollar conversion rate was ₹ 70.88 at the beginning of the year and scaled to a high of ₹ 75.75 and to low of ₹ 71.57. The closing rate is ₹ 71.57. Considering the volatility in direction of strengthening dollar upto 10% , the sensitivity analysis has been disclosed at 10% movements on strengthening and weakening effect for presenting comparable movement due to currency fluctuations.

Particulars	31-Mar-20		31-Mar-19	
	Strengthening (₹)	Weakening (₹)	Strengthening (₹)	Weakening (₹)
Effect in ₹				
Net Result for the Year	1,12,69,464	-1,12,69,464	-2,85,74,168	2,85,74,168

Foreign currency denominated financial assets and liabilities, translated into GBP at the closing rate are as follows:

Particulars	31-Mar-20			31-Mar-19		
	GBP	RATE	₹	GBP	RATE	₹
<b>Short term exposure</b>						
Financial assets						
Trade receivables	96,185	90.35	86,90,313	96,185	90.00	86,56,648
<b>FINANCIAL ASSETS</b>	<b>96,185</b>	<b>90.35</b>	<b>86,90,313</b>	<b>96,185</b>	<b>90.00</b>	<b>86,56,648</b>
Financial liabilities						
Borrowings (PCFC)	-	-	-	21,59,071	93.30	20,14,41,308
Trade payables / other	32,562	93.65	30,49,409	10,946	93.30	10,21,222
<b>FINANCIAL LIABILITIES</b>	<b>32,562</b>	<b>93.65</b>	<b>30,49,409</b>	<b>21,70,017</b>	<b>93.30</b>	<b>20,24,62,530</b>
<b>Short term exposure</b>	<b>63,623</b>	<b>88.66</b>	<b>56,40,904</b>	<b>-20,73,832</b>	<b>93.45</b>	<b>-19,38,05,882</b>

GBP conversion rate was ₹93.45 at the beginning of the year and scaled to a high of ₹93.65 and to low of ₹88.66. The closing rate is ₹ 88.66. Considering the volatility in direction of strengthening GBP upto 10% , the sensitivity analysis has been disclosed at 10% movements on strengthening and weakening effect for presenting comparable movement due to currency fluctuations.

Particulars	31-Mar-20		31-Mar-19	
	Strengthening (₹)	Weakening (₹)	Strengthening (₹)	Weakening (₹)
Effect in ₹				
Net Result for the Year	5,64,090	-5,64,090	-1,93,80,588	1,93,80,588

Foreign currency denominated financial assets and liabilities, translated into EUR at the closing rate are as follows:

Particulars	31-Mar-20			31-Mar-19		
	EUR	RATE	₹	EUR	RATE	₹
<b>Short term exposure</b>						
Financial assets						
Trade receivables	10,810	80.20	8,66,962	86,324	77.05	66,51,232
Other Current Financial Asset	71,696	83.20	59,65,107	14,130	80.00	11,30,400
<b>FINANCIAL ASSETS</b>	<b>82,506</b>	<b>82.81</b>	<b>68,32,069</b>	<b>1,00,454</b>	<b>77.46</b>	<b>77,81,632</b>
Financial liabilities						
Trade payables / other	-	-	-	-	-	-
<b>FINANCIAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Short term exposure</b>	<b>82,506</b>	<b>82.81</b>	<b>68,32,069</b>	<b>1,00,454</b>	<b>77.46</b>	<b>77,81,632</b>

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

## NOTE NO.39 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD..)

### (iii) Market Risk Analysis (Contd..)

#### (a) Foreign Currency sensitivity (Contd..)

EUR conversion rate was ₹ 77.46 at the beginning of the year and scaled to a high of ₹ 83.20 and to low of ₹ 82.81. The closing rate is ₹ 82.81. Considering the volatility in direction of strengthening EUR upto 10% , the sensitivity analysis has been disclosed at 10% movements on strengthening and weakening effect for presenting comparable movement due to currency fluctuations.

Particulars	31-Mar-20		31-Mar-19	
	Strengthening (₹)	Weakening (₹)	Strengthening (₹)	Weakening (₹)
Effect in ₹				
Net Result for the Year	6,83,207	-6,83,207	7,78,163	-7,78,163

#### (b) Interest rate sensitivity

The Group's policy is to minimise interest rate cash flow risk exposures on long-term borrowing. The Group has taken several short term borrowings on fixed rate of interest. Since, there is no interest rate cash outflow associated with such fixed rate loans; an interest rate sensitivity analysis has not been performed.

The Group has outstanding borrowings of USD 2.68 million (2019 - USD 5.73 million) and GBP 0.50 million (2019 - GBP 4.67 million). In case of LIBOR/Benchmark prime lending rate (BPLR) increases by 100 basis points then such increase shall have the following impact on:

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
Net results for the year	24,49,652	82,83,056

In case of LIBOR/Benchmark prime lending rate (BPLR) decreases by 100 basis points then such decrease shall have the following impact on:

Particulars	31-Mar-20 (₹)	31-Mar-19 (₹)
Net results for the year	-24,49,652	-82,83,056

## NOTE NO.40 DETAILS OF EXPOSURE IN FOREIGN CURRENCY

### a) Exposure in foreign currency - Hedged

The Company enters into forward exchange contracts to hedge against its foreign exposures in relation to the underlying transactions. The Company does not enter into any derivative instruments for trading or speculative purpose.

The forward exchange contracts used for hedging foreign currency exposure and outstanding as at reporting date are as under:

Currency	No. of contracts	Buy Amount In Foreign Currency	₹ equivalent
Forward Contract to buy USD - As at 31-03-2020	8	14,00,000	10,15,49,750
Forward Contract to buy GBP - As at 31-03-2020	19	1,06,00,000	1,02,20,64,040
Forward Contract to buy USD - As at 31-03-2019	2	15,00,000	10,55,06,250



# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

**Note No.41(a) - INFORMATION OF SUBSIDIARY PURSUANT TO FIRST PROVISIO TO SUB SECTION (3) OF SECTION 129 READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014 AND COMPANIES (ACCOUNTS) AMENDMENT RULES, 2016. (Form AOC - 1)**

Particulars	Currency	Marksans Pharma (UK) Limited CONSOLIDATED	Currency	Nova Pharmaceuticals Australasia Pty Ltd	Currency	Marksans Pharma Inc
		1		2		3
Capital	GBP	85,96,941	AUD	150	USD	2,63,81,743
	RS.	66,92,37,881	RS.	4,781	RS.	1,67,55,96,991
Reserve	GBP	1,18,88,787	AUD	72,59,065	USD	-3,99,109
	RS.	1,01,65,85,929	RS.	32,77,48,777	RS.	12,48,03,934
Total Assets	GBP	3,54,52,042	AUD	1,21,50,599	USD	4,53,89,200
	RS.	3,03,80,30,201	RS.	54,85,99,545	RS.	3,23,74,57,182
Total Liabilities	GBP	1,49,66,313	AUD	48,91,384	USD	1,94,06,566
	RS.	1,35,22,06,391	RS.	22,08,45,988	RS.	1,43,70,56,257
Turnover	GBP	5,45,14,994	AUD	2,69,36,477	USD	5,92,31,765
	RS.	4,91,28,91,273	RS.	1,30,18,39,933	RS.	4,19,89,39,805
Profit/(Loss) Before Taxation	GBP	95,86,455	AUD	26,63,279	USD	12,12,396
	RS.	86,39,31,321	RS.	12,87,16,274	RS.	8,59,46,719
Provision for Taxation	GBP	19,84,540	AUD	7,32,072	USD	24,356
	RS.	17,88,46,745	RS.	3,53,81,040	RS.	17,26,564
Profit/(Loss) After Taxation	GBP	76,01,915	AUD	19,31,207	USD	11,88,040
	RS.	68,50,84,576	RS.	9,33,35,234	RS.	8,42,20,156
Dividend	GBP	30,00,000	AUD		USD	-
	RS.	27,03,60,000	RS.		RS.	-
Exchange Rate		90.35		45.15		74.05
Reporting Period		01.04.2019 to 31.03.2020		01.04.2019 to 31.03.2020		01.04.2019 to 31.03.2020
% Of Share Holding		100%		60%		100%

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2020

## Note No. 41(b) - DISCLOSURE OF ADDITIONAL INFORMATION PERTAINING TO THE PARENT COMPANY, SUBSIDIARIES AND ASSOCIATES AS PER SCHEDULE III OF COMPANIES ACT, 2013 :

Particulars	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 - ₹	As% of consolidated net assets	Amount - ₹	As% of consolidated net assets	Amount - ₹	As% of consolidated net assets	Amount - ₹
<b>Parent</b>								
Marksans Pharma Limited	79.50	5,05,62,52,261	31.39	37,90,33,826	2.49	16,35,768	29.90	38,06,69,594
<b>Subsidiaries</b>								
Marksans Pharma U.K. Limited	26.51	1,68,58,23,812	56.73	68,50,84,576	5.74	37,67,200	54.11	68,88,51,776
Nova Pharmaceuticals Australasia Pty Ltd	5.15	32,77,53,559	7.73	9,33,35,234	-31.99	(2,10,02,657)	5.68	7,23,32,577
Marksans Pharma Inc.	28.31	1,80,04,00,925	6.97	8,42,20,156	92.56	6,07,60,201	11.39	14,49,80,357
<b>Sub -Total</b>	<b>139.47</b>	<b>8,87,02,30,557</b>	<b>102.83</b>	<b>1,24,16,73,792</b>	<b>68.79</b>	<b>4,51,60,512</b>	<b>101.07</b>	<b>1,28,68,34,304</b>
Intercompany elimination and Consolidation adjustment	(39.47)	(2,51,00,88,020)	(2.83)	(3,41,46,945)	31.21	2,04,86,736	(1.07)	(1,36,60,209)
<b>Grand Total</b>	<b>100.00</b>	<b>6,36,01,42,537</b>	<b>100.00</b>	<b>1,20,75,26,847</b>	<b>100.00</b>	<b>6,56,47,248</b>	<b>100.00</b>	<b>1,27,31,74,095</b>
Minority Interests in Subsidiaries		13,11,01,423		3,73,34,094				3,73,34,094

### FOR AND ON BEHALF OF

#### **Bhuta Shah & Co LLP**

Chartered Accountants

Firm Registration No.: 101474W/W100100

#### **TEJAS LALIWALA**

Partner

Membership No.: 127487

Place : Mumbai

Date : 02nd June, 2020

### FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

#### **MARK SALDANHA**

Chairman & Managing Director

DIN: 00020983

#### **HARSHAVARDHAN PANIGRAHI**

Company Secretary & Legal Manager

#### **SANDRA SALDANHA**

Whole - time Director

DIN: 00021023

#### **JITENDRA SHARMA**

Chief Financial Officer

# Consolidated Cash Flow Statement

for the year ended 31st March, 2020

Particulars	Year ended 31st March, 2020 (₹)	Year ended 31st March, 2019 (₹)
<b>A. Cash Flow From Operating Activities</b>		
<b>Profit/(Loss) Before Tax</b>	<b>1,57,17,17,677</b>	<b>1,04,30,65,854</b>
Adjustments to reconcile profit before tax and prior period items to cash provided by operations:		
- Depreciation	26,66,15,489	22,80,39,029
- Exchange differences in translating the financial statements of a foreign operation	6,40,11,480	(43,08,270)
- (Profit)/Loss on sale of Property Plant and Equipment	(2,48,793)	(61,320)
- Finance Cost	8,74,63,768	9,65,53,918
- Dividend Income	-	-
- Interest Income	(4,26,838)	(5,71,037)
- Unwinding discount on Security Deposits i.e. Interest Income	(5,74,382)	(3,14,427)
- Remeasurement of the net defined benefit plans	25,14,400	4,56,009
- Change in Fair value of Forward contract	10,27,020	(9,51,630)
<b>Operating Profit before working capital changes</b>	<b>1,99,20,99,821</b>	<b>1,36,19,08,126</b>
<b>Movements in working capital :</b>		
(Increase)/Decrease in Inventories	51,40,21,467	(75,12,19,537)
(Increase)/Decrease in Trade and other receivables	(66,75,48,024)	30,86,386
(Increase)/Decrease in Other financial assets	(1,88,83,144)	(64,71,257)
(Increase)/Decrease in Other assets	16,47,61,125	(12,05,88,418)
Minority Interest	(84,01,063)	(3,30,93,219)
Increase/(Decrease) in Trade Payable, provisions and Other Non current Liabilities	37,33,85,281	9,03,66,133
Income Tax paid	(25,00,01,014)	(27,00,37,745)
<b>Net cash used in operating activities</b>	<b>2,09,94,34,449</b>	<b>27,39,50,469</b>
<b>B. Cash Flow provided by (used in) Investing Activities:</b>		
(Purchase)/Sale of Property Plant and Equipment	(59,62,65,580)	(13,14,65,417)
Interest Income	4,26,838	5,71,037
Increase/(Decrease) in Margin Money	9,92,545	(51,67,529)
Unwinding discount on Security Deposits i.e. Interest Income	5,74,382	3,14,427
Change in Fair value of Forward contract	(10,27,020)	9,51,630
<b>Net Cash Flow provided by (used in) Investing Activities</b>	<b>(59,52,98,835)</b>	<b>(13,47,95,852)</b>

# Consolidated Cash Flow Statement

for the year ended 31st March, 2020

Particulars	Year ended 31st March, 2020 (₹)	Year ended 31st March, 2019 (₹)
<b>C. Cash Flow provided by (used in) Financing Activities:</b>		
Increase in Equity Share Capital	-	-
Redemption of Preference Share Capital	(5,00,00,000)	-
Increase in Share Premium	-	-
Increase in General Reserve	-	-
Transitional effect of IndAS 116	(54,88,183)	-
Proposed Dividend and Dividend Distribution Tax on it	(29,50,32,467)	(4,44,41,386)
Proceeds/(Repayment) of Short Term and Long Term Borrowings	(46,34,94,054)	(6,67,76,197)
Finance Cost	(8,74,63,768)	(9,65,53,918)
<b>Net Cash Flow provided by (used in) Financing Activities</b>	<b>(90,14,78,472)</b>	<b>(20,77,71,501)</b>
<b>Net Increase /(Decrease) in Cash and Bank Balances</b>	<b>60,26,57,142</b>	<b>-6,86,16,884</b>
<b>Cash &amp; Bank Balances as at 31.03.2019</b>	<b>32,85,49,503</b>	<b>39,71,66,387</b>
<b>Cash &amp; Bank Balances as at 31.03.2020</b>	<b>93,12,06,645</b>	<b>32,85,49,503</b>
	<b>60,26,57,142</b>	<b>(6,86,16,884)</b>

## Notes :

- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS 7, 'Statement of Cash Flows'.
- The Previous year's figures have been regrouped wherever necessary in order to conform to this year's presentation.
- The Breakup of Cash Balance is as follows

Particulars	31st March, 2020 (₹)	31st March, 2019 (₹)
a. Balances with banks		
In current Account	93,07,74,345	32,81,39,113
b. Cash in hand	4,32,300	4,10,390
<b>TOTAL</b>	<b>93,12,06,645</b>	<b>32,85,49,503</b>

## FOR AND ON BEHALF OF

### Bhuta Shah & Co LLP

Chartered Accountants

Firm Registration No.: 101474W/W100100

### TEJAS LALIWALA

Partner

Membership No.: 127487

Place : Mumbai

Date : 02nd June, 2020

## FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

### MARK SALDANHA

Chairman & Managing Director

DIN: 00020983

### HARSHAVARDHAN PANIGRAHI

Company Secretary & Legal Manager

### SANDRA SALDANHA

Whole - time Director

DIN: 00021023

### JITENDRA SHARMA

Chief Financial Officer


**Marksans Pharma Limited**

CIN: L24110MH1992PLC066364

 Regd Office: 11th Floor, Grandeur, Veera Desai Extension Road,  
 Oshiwara, Andheri (West), Mumbai – 400053.

E-mail: companysecretary@marksanspharma.com Website: www.marksanspharma.com

# Notice

To  
 The Members of  
**Marksans Pharma Limited**

NOTICE is hereby given that the Twenty Eighth (28th) Annual General Meeting of the Members of Marksans Pharma Limited will be held on **Tuesday, 29th September, 2020 at 11:00 a.m.** through video conferencing / other audio visual means (VC), to transact the following business:

## ORDINARY BUSINESS

- To receive, consider and adopt the audited Financial Statements of the Company for the financial year ended 31st March, 2020 including audited Consolidated Financial Statements for the financial year ended 31st March, 2020, the Reports of the Board of Directors and Auditors thereon.
- To declare dividend on equity shares and preference shares for the financial year ended 31st March, 2020.
- To appoint a Director in place of Mrs. Sandra Saldanha (DIN: 00021023) who retires by rotation and being eligible offers herself for re-appointment.

## SPECIAL BUSINESS

- To approve the appointment of and remuneration to Mr. Varddhman Vikramaditya Jain (DIN: 08338573) as a Whole-time Director and in this regard to consider and if thought fit, to pass the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any

statutory modifications or re-enactment thereof for the time being in force) and Articles of Association of the Company and on the basis of the recommendation of Nomination and Remuneration Committee, appointment of Mr. Varddhman Vikramaditya Jain (DIN: 08338573) as a Whole-time Director in the category of Professional Director designated as Executive Director of the Company be and is hereby approved for a period of Three (3) years with effect from 24th January, 2019 on the following remuneration:

Particulars	Per Month (₹)	Per Annum (₹)
Basic	5,00,000.00	60,00,000.00
HRA	2,50,000.00	30,00,000.00
Conveyance	1,600.00	19,200.00
Leave Travel Allowance	20,131.00	2,41,572.00
Medical Reimbursement	1,250.00	15,000.00
Company's contribution to Provident Fund	60,000.00	7,20,000.00
Gratuity contribution	24,050.00	2,88,600.00
Other Allowance	3,92,969.00	47,15,628.00
<b>Total Fixed Pay</b>	<b>12,50,000.00</b>	<b>1,50,00,000.00</b>

“RESOLVED FURTHER THAT the remuneration payable to Mr. Varddhman Vikramaditya Jain shall be subject to deduction of tax as per the provisions of the Income Tax Act.”

“RESOLVED FURTHER THAT the remuneration payable to Mr. Varddhman Vikramaditya Jain shall not exceed the limits laid down in Section 197 read with Schedule

V and other applicable provisions, if any, of the Companies Act, 2013.”

“RESOLVED FURTHER THAT in case in any financial year during the currency of the tenure of Mr. Varddhman Vikramaditya Jain, the Company has no profits or its profits are inadequate, the Company will pay remuneration as specified above as the minimum remuneration, provided that the total remuneration shall not exceed the ceiling as provided in Section II of Part II of Schedule V of the Companies Act, 2013.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be authorised to increase or revise the remuneration of Mr. Varddhman Vikramaditya Jain during his tenure within the limits laid down in Section 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013.”

“RESOLVED FURTHER THAT any of the Directors of the Company and Key Managerial Personnel of the Company be and are hereby authorised severally to do all such acts, deeds and things as may be required to give effect to the above resolutions.”

5. To appoint Mr. Varddhman Vikramaditya Jain (DIN: 08338573) as a Director and in this regard to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 152 and any other applicable provisions, if any, of the Companies Act, 2013, Mr. Varddhman Vikramaditya Jain (DIN: 08338573), who was appointed as a Director to fill up the casual vacancy caused by the resignation of Dr. Vinay Gopal Nayak at the Board Meeting held on 24th January, 2019 and whose term of office expires at the commencement of this Annual General Meeting, and in respect of whom notice under Section 160 of the Companies Act, 2013 has been received from a member signifying his intention to propose Mr. Varddhman Vikramaditya Jain (DIN: 08338573) as a candidate for the office of the Director of the Company together with necessary deposits, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

6. To approve re-appointment of Mr. Seetharama Raju Buddharaju (DIN: 03630668) as an Independent Director of the Company and in this regard to consider and if thought fit, to pass the following resolution as a **Special Resolution:**

“RESOLVED THAT pursuant to provisions of Sections 149, 152 of the Companies Act, 2013 (hereinafter referred to as “the Act”) and other applicable provisions, if any, of the Act read with the Companies (Appointment

and Qualification of Directors) Rules, 2014 along with Schedule IV of the Act (including any statutory modification(s) or re-enactment thereof for the time being in force) and any other applicable Regulations, if any, Mr. Seetharama Raju Buddharaju (DIN: 03630668), whose term as an Independent Director expired on 31st March, 2020 and who has been re-appointed by the Board of Directors on the recommendation of the Nomination and Remuneration Committee for a further term of Five years with effect from 1st April, 2020 and who has submitted a declaration of independence as provided in Section 149(6) of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in respect of whom the Company has received a notice in writing from a member in terms of Section 160 of the Companies Act, 2013, be and is hereby re-appointed as an Independent Director of the Company, for a period of five (5) consecutive years with effect from 1st April, 2020, whose office shall not be liable to retire by rotation.”

7. To approve the re-appointment of and remuneration to Mr. Mark Saldanha (DIN: 00020983) as the Managing Director and in this regard to consider and if thought fit, to pass the following resolution as a **Special Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force) and Articles of Association of the Company and on the basis of recommendation of Nomination and Remuneration Committee, re-appointment of Mr. Mark Saldanha (DIN: 00020983) as the Managing Director of the Company, not liable to retire by rotation, be and is hereby approved for a period of Five (5) years with effect from 6th October, 2020 upon the terms and subject to the conditions as set out hereunder:

- (i) Mr. Mark Saldanha will be paid the following remuneration:

Particulars	Amount in ₹ Per Month
Basic Salary	8,00,000.00/-
Special Allowance	64,360.00/-
Bonus	5,000.00/-
Provident Fund (12%)	96,000.00/-
Gratuity (4.33%)	34,640.00/-
<b>Total Remuneration Per Month</b>	<b>10,00,000/-</b>
<b>Total Remuneration Per Annum</b>	<b>1,20,00,000/-</b>

(ii) The Board of Directors of the Company shall have liberty to determine such increments in the Basic Salary as it may deem appropriate from time to time.

(iii) Mr. Mark Saldanha shall be entitled to the following Perquisites:

(a) Fully furnished residential house for himself and his family.

(b) Reimbursement of house maintenance expenses together with utilities thereof such as gas, electricity, water, furnishing and repairs, servants allowance, education allowance for dependent children, entertainment and newspaper and periodicals allowance, medical reimbursement, leave travel allowance for himself and his family, club fees and Medical Insurance Policy and Personal accident Policy in accordance with the rules of the Company or as agreed by the Board of Directors.

(c) Membership of club

Admissions fees and monthly subscriptions for not more than one club.

(d) Retirement benefits

Company's contribution to Provident Fund and Super-annuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act, 1961. Gratuity Payable in accordance with the rules of the Company and the value of such benefits shall not be included in the computation of limits for remuneration or perquisites as aforesaid.

(e) Use of Car and telephone

Provisions of the Company's car with driver for use on Company's business and telephone at residence and also mobile (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling."

"RESOLVED FURTHER THAT the remuneration payable to Mr. Mark Saldanha shall be subject to deduction of tax as per the provisions of the Income Tax Act."

"RESOLVED FURTHER THAT the remuneration payable to Mr. Mark Saldanha shall not exceed the limits laid down in Section 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013."

"RESOLVED FURTHER THAT in case in any financial year during the currency of the tenure of Mr. Mark Saldanha, the Company has no profits or its profits are inadequate, the Company will pay remuneration as specified above as the minimum remuneration, provided that the total remuneration shall not exceed the ceiling as provided in Section II of Part II of Schedule V of the Companies Act, 2013."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to increase or revise the remuneration of Mr. Mark Saldanha during his tenure within the limits laid down in Section 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013."

"RESOLVED FURTHER THAT any of the Directors of the Company and Key Managerial Personnel of the Company be and are hereby authorised severally to do all such acts, deeds and things as may be required to give effect to the above resolutions."

8. To approve the re-appointment of and remuneration to Mrs. Sandra Saldanha (DIN: 00021023) as a Whole-time Director and in this regard to consider and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force) and Articles of Association of the Company and on the basis of recommendation of Nomination and Remuneration Committee, re-appointment of Mrs. Sandra Saldanha (DIN: 00021023) as a Whole-time Director of the Company be and is hereby approved for a period of Three (3) years with effect from 25th September, 2020 on the following remuneration:

Particulars	Amount in ₹ Per Month
Basic	90,000.00
Special Allowance	4,93,547.00
Leave Travel Allowance	1,000.00
Medical Allowance	1,250.00
Bonus	1,000.00
Provident Fund (12%)	10,800.00
Gratuity (4.33%)	3,897.00
<b>Total Remuneration Per Month</b>	<b>6,01,494.00</b>
<b>Total Remuneration Per Annum</b>	<b>72,17,928.00</b>

“RESOLVED FURTHER THAT Mrs. Sandra Saldanha shall be provided with Company’s car with driver for use in company’s business.”

“RESOLVED FURTHER THAT remuneration payable to Mrs. Sandra Saldanha shall be subject to deduction of tax as per the provisions of the Income Tax Act.”

“RESOLVED FURTHER THAT the remuneration payable to Mrs. Sandra Saldanha shall not exceed the limits laid down in Section 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013.”

“RESOLVED FURTHER THAT in case in any financial year during the currency of the tenure of Mrs. Sandra Saldanha, the Company has no profits or its profits are inadequate, the Company will pay remuneration as specified above as the minimum remuneration, provided that the total remuneration shall not exceed the ceiling as provided in Section II of Part II of Schedule V of the Companies Act, 2013.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to increase or revise the remuneration of Mrs. Sandra Saldanha during her tenure within the limits laid down in Section 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013.”

“RESOLVED FURTHER THAT any of the Directors of the Company and Key Managerial Personnel of the Company be and are hereby authorised severally to do all such acts, deeds and things as may be required to give effect to the above resolutions.”

9. To approve Marksans Employees Stock Option Scheme 2020 and in this regard to consider and if thought fit, to pass the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 and SEBI (Share Based Employee Benefits) Regulations, 2014 (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and subject to such approvals, consents, permissions and sanctions, as may be required, “MARKSANS EMPLOYEES STOCK OPTION SCHEMES 2020 (hereinafter referred to as “MARKSANS ESOS 2020”) for the benefit of present and future permanent employees of the Company and its directors, whether whole-time director or not but excluding promoters and independent directors, be and is hereby approved as per the salient features mentioned in the Explanatory Statement annexed

herewith, provided that the total number of options that can be granted under MARKSANS ESOS 2020 shall not exceed 81,86,273 options, convertible into equivalent number of equity shares of ₹1/- each face value of the Company.”

“RESOLVED FURTHER THAT the Board of Directors of the Company (“Board”) which term shall be deemed to include the “Compensation Committee” constituted by the Board to exercise its powers (including the powers conferred by this resolution) be and is hereby authorised, on behalf of the Company to grant from time to time in one or more tranches, options to apply for Equity Shares of the face value of ₹1/- each of the Company under the said MARKSANS ESOS 2020 and consequently create, issue, allocate and allot at any time and from time to time equity shares of ₹1/- each face value in terms of such options.”

“RESOLVED FURTHER THAT options and the consequential issue, allocation and allotment of equity shares under the said MARKSANS ESOS 2020 shall be at such price including at a discount, in such manner, during such period in one or more tranches and on such other terms and conditions as the Board may decide.”

“RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issue, buy-back of shares, split or consolidation of shares, amalgamation, sale of undertaking, etc. resulting into change in the capital structure of the Company, the Board be and is hereby authorised to make such adjustments as it may deem fit to the quantum of shares to be issued pursuant to the exercise of the options, the exercise price, and other rights and obligations under the options.”

“RESOLVED FURTHER THAT the equity shares to be allotted under the said MARKSANS ESOS 2020 shall, upon allotment, rank pari passu in all respects interse as also with the then existing equity shares including dividend entitlement.”

“RESOLVED FURTHER THAT to determine all other terms and conditions for the purpose of giving effect to any grant of options and consequent issue and allotment of equity shares under the said MARKSANS ESOS 2020, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in this regard including to amend or modify any of the terms and conditions of the grant of options and consequent issue and allotment of equity shares without being



required to seek any further consent or approval of the members of the Company.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to:-

- (a) Administer, implement and superintend MARKSANS ESOS 2020;
- (b) Determine the terms and conditions of grant, issue, re-issue, cancel and withdrawal of options from time to time;
- (c) Formulate, approve, evolve, decide upon and bring into effect, suspend, withdraw or revive MARKSANS ESOS 2020 in line with salient features mentioned in the Explanatory Statement annexed herewith and/or any sub-scheme or plan for the purpose of grant of options under MARKSANS ESOS 2020 and to make any modifications, changes, variations, alterations or revisions in such sub-scheme or plan from time to time.”

“RESOLVED FURTHER THAT Nomination and Remuneration Committee of Directors of the Company

be and is hereby designated as the Compensation Committee referred here in above for MARKSANS ESOS 2020.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the equity shares to be allotted under MARKSANS ESOS 2020 on National Stock Exchange of India Limited and BSE Limited where the Company’s equity shares are listed, as per the terms and conditions of the Listing Regulations and in accordance with such other guidelines, rules and regulations as may be applicable with regard to such listing.”

For and on behalf of the Board of Directors of  
**Marksans Pharma Limited**

Mumbai  
Dated: 4th August, 2020

**Harshavardhan Panigrahi**  
Company Secretary

**Registered Office:**

11th Floor, Grandeur, Veera Desai Extension Road,  
Oshiwara, Andheri (West), Mumbai-400 053.

**NOTES:**

- a) The 28th Annual General Meeting (AGM) is being held through video conferencing / other audio visual means (VC) in accordance with the procedure prescribed in circular no. 20/2020 dated May 05, 2020 read with circular no. 14/2020 dated April 08, 2020 and circular no. 17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs and circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by the Securities and Exchange Board of India (the e-AGM circulars). The Members can attend the AGM through VC by following instructions annexed to this Notice. For the purpose of recording the proceedings, the AGM will be deemed to be held at the registered office of the Company at 11th Floor, Grandeur, Veera Desai Extension Road, Oshiwara, Andheri (W), Mumbai, India. Keeping in view the guidelines to fight COVID-19 pandemic, the Members are requested to attend the AGM from their respective locations by VC and do not visit the registered office to attend the AGM.
- b) Since the AGM is being held pursuant to the e-AGM circulars through video conferencing / other audio visual means, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence, the Proxy Form, Attendance Slip and route map of the AGM venue are not annexed to this Notice. However, a Member may appoint a representative as per applicable provisions of the Companies Act, 2013 to attend and / or vote.
- c) Electronic copy of the Annual Report for 2019-20 including the Notice which includes the process and manner of attending the Annual General Meeting through video conferencing / other audio visual means, and e-voting is being sent to all the Members whose e-mail addresses are registered with the Company / Depository Participants.
- d) Printed copy of the Annual Report (including the Notice) is not being sent to the Members in view of the e-AGM circulars.
- e) The Members who have not registered their e-mail addresses are requested to register them with the Company to receive e-communication from the Company. For registering e-mail address, the Members are requested to follow the below steps:
- i. Members holding shares in physical mode are requested to provide name, folio number, mobile number, e-mail address, scanned copies of self attested share certificate(s) (both sides) through e-mail on [companysecretary@marksanspharma.com](mailto:companysecretary@marksanspharma.com).
  - ii. Members holding shares in dematerialised mode are requested to provide name, Depository participant ID and Client ID, mobile number, e-mail address, scanned copies of self-attested client master or Consolidated Account statement through e-mail on [companysecretary@marksanspharma.com](mailto:companysecretary@marksanspharma.com).  
  
**Or alternatively, Members can register their e-mail address with the Company's Registrar and Transfer Agent M/s Bigshare Services Pvt. Ltd through the Registrar and Transfer Agent's website link at: <https://www.bigshareonline.com//InvestorRegistration.aspx>.**
- f) The Members may also note that the Notice of the AGM and the Annual Report for 2019-20 will also be available on the website of the Company, [www.marksanspharma.com](http://www.marksanspharma.com), which can be downloaded.
- g) The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or Arrangements in which the Directors are interested maintained under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice will be available for inspection by the Members at the registered office of the Company on all working days, except Saturdays and Sundays, during business hours up to the date of the Meeting, provided office is not closed due to lockdown on account of Covid 19 pandemic. For inspection, the Members are requested to send a request through e-mail on [companysecretary@marksanspharma.com](mailto:companysecretary@marksanspharma.com) with Depository participant ID and Client ID or Folio number.
- h) Electronic copy of the Register of Directors and Key Managerial Personnel and their shareholding and Register of Contracts or Arrangements will be available for inspection by the Members during AGM on request by sending an e-mail on [companysecretary@marksanspharma.com](mailto:companysecretary@marksanspharma.com).
- i) The Members desiring any information relating to the accounts or have any questions, are requested to write to the Company on [companysecretary@marksanspharma.com](mailto:companysecretary@marksanspharma.com) at least seven days before the date of the AGM so as to enable the Management to keep the information ready and provide it at the AGM.
- j) The Register of Members and Share Transfer Books of the Company will be closed from Thursday, 24th September, 2020 and will remain closed till Tuesday, 29th September, 2020 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend, if declared at the Annual General Meeting.

- k) Dividend, if declared at the Annual General Meeting, will be credited /dispatched on or after 8th October, 2020 to those members whose names shall appear on the Company's Register of Members on 23rd September, 2020. In respect of the shares held in dematerialised form, dividend will be paid to the beneficial owners whose names will be furnished by the Depositories as on that date. Members are requested to notify promptly any change in their registered address.
- l) Pursuant to the provision of Section 124 and 125 of the Companies Act, 2013, dividend which remains unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account are required to be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Members who have not encashed the dividend warrant(s) for the financial years ended March 31, 2014, March 31, 2015, March 31, 2016, March 31, 2017, March 31, 2018 and March 31, 2019 are requested to make their claims to the Company's Registrar and Share Transfer Agent Bigshare Services Private Limited, without any delay.

Due date for transfer of unclaimed dividend to IEPF:

Year of Dividend	Dividend rate per share (₹)	Date of Declaration	Due date of transfer to IEPF
2013-14	0.10	25th September, 2014	31st October, 2021
2014-15	0.12	29th September, 2015	3rd November, 2022
2015-16	0.12	29th September, 2016	3rd November, 2023
2016-17	0.05	26th September, 2017	31st October, 2024
2017-18	0.05	27th September, 2018	2nd November, 2025
2018-19	0.05	26th September, 2019	1st November, 2026

- m) Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar and Transfer Agent, Bigshare Services Private Limited cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the members. Members holding shares in physical form are requested to intimate their bank particulars and/or change in bank particulars to the Company's Registrar and Transfer Agent.

- n) Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit PAN details to their Depository Participants with whom they are maintaining their demat account. Members holding shares in physical form can submit their PAN details to the Company's Registrar and Transfer Agent.
- o) Members holding shares in physical form are requested to immediately intimate to the Company's Registrar and Transfer Agent, changes, if any, in their registered address along with the PIN code. Members holding shares in dematerialised mode are requested to forward intimation for change of address, if any, to their respective Depository Participants.
- p) Members holding shares in physical form are informed that SEBI, vide Gazette Notification dated June 8, 2018 and as amended, has mandated that with effect from April 1, 2019, except in case of transmission or transposition of shares, transfer of shares of the Company would be carried out in dematerialised form only. Consequently, no physical shares will be accepted for transfer anymore. Therefore, members who are holding shares in physical form are advised to dematerialise their shares in case they wish to transfer their shares. For the purpose, members should lodge duly filled in and signed demat request form along with Share Certificate with their depository participant.
- q) In terms of provisions of the Companies Act, 2013, nomination facility is available to individual members. The members who are holding shares in physical form and are desirous of availing this facility may kindly write to the Company's Registrar and Transfer Agent Bigshare Services Private Limited for nomination form quoting their folio number. Members holding shares in dematerialised form should write to their Depository Participant for availing this facility.
- r) Brief resume of Directors proposed to be appointed/ re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, shareholding and relationships between directors inter se as required under Regulation 36 of SEBI (LODR) Regulations, 2015 are provided in the Corporate Governance Report forming part of the Annual Report.
- s) In terms of Section 108 of the Companies Act, 2013 read with Rule 20(2) of the Companies (Management and Administration) Rules, 2014 and Regulations 44 of SEBI (LODR) Regulations, 2015, the Company is

providing the facility to its Members, being eligible to vote, to exercise their right to vote by electronic means on any or all of the businesses specified in the accompanying Notice.

- t) In compliance with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company has considered Wednesday, 23rd September, 2020 to determine the eligibility of members to vote by electronic means (Cut-off date). The persons whose names appear on the Register of Members/List of Beneficial Owners as on Cut-Off date would be entitled to vote through electronic means.
- u) The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide e-voting facilities for enabling the members to cast their vote in a secured manner and to attend the meeting through video conferencing or other audio visual means. The members may cast their votes on electronic voting system and attend the meeting from their respective locations. The remote e-voting facility will be available during the following Period:

Commencement of remote e-voting: On Saturday, 26th September, 2020 at 09:00 a.m.

Conclusion of remote e-voting: On Monday, 28th September, 2020 at 05:00 p.m.

The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by CDSL upon expiry of aforesaid period. However, remote e-voting facility will be available during the period of the AGM on Tuesday, 29th September, 2020.

- v) The persons who have become the Members of the Company after the dispatch of the Notice and Annual Report and their names appear in the Register of Members/List of Beneficial owners as on the Cut-off date may contact the Registrar and Transfer Agent to obtain the Notice of AGM and the login id and password for casting vote electronically. If a Member is already registered with CDSL e-voting Platform then he can use his existing user ID and Password for casting the vote through remote e-voting. Detail of the process and manner of remote e-voting is being sent to all the Members along with the Notice.
- w) **Instructions and other information relating to e-voting and eAGM is annexed to this notice for information of the Shareholders.**
- x) A statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013.

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice.

### Item No. 4 & 5

The Board of Directors of the Company at its meeting held on 24th January, 2019 appointed Mr. Varddhman Vikramaditya Jain (DIN: 08338573) as a director of the Company effective from 24th January, 2019 to fill up the casual vacancy caused by the resignation of Dr. Vinay Gopal Nayak. His tenure as a director will expire at the commencement of the ensuing Annual General Meeting.

The Company has received notice in writing from a member along with deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. Varddhman Vikramaditya Jain (DIN: 08338573) for the office of Director.

The Board of Directors has, on the basis of recommendation of Nomination and Remuneration Committee, also appointed Mr. Varddhman Vikramaditya Jain as a Whole-time Director of the Company for a period of three (3) years with effect from 24th January, 2019.

Mr. Varddhman Vikramaditya Jain is M. Pharm (Pharmaceuticals). He is a Pharmaceutical professional with technical background who has worked with various multinational organisations. He is specialised in the area of manufacturing, quality R&D, compliance & regulatory affairs both for API and finished dosage form manufacturing. In a career span of 26 Years, Mr. Jain has successfully handled several regulatory inspection including USFDA, UKMHRA, PMDA Japan and WHO with good leadership and sound technical knowledge. He has given the organisations very sound systems which are capable of standing up to very tough regulatory inspections of recent years.

Mr. Varddhman Vikramaditya Jain is associated with Marksans Pharrna Limited since May 2016 heading overall operations of the Company's Goa factory. His in-depth knowledge and experience in the aforesaid field shall be of great help to the Company in the long run. The appointment of Mr. Varddhman Vikramaditya Jain is appropriate and in the best interest of the Company.

The remuneration to Mr. Varddhman Vikramaditya Jain has been recommended by the Nomination and Remuneration Committee and is in line with the remuneration package that is necessary to encourage good professionals to important position such as that occupied by Mr. Varddhman Vikramaditya Jain and is commensurate with the functions and responsibilities that is being discharged by him.

Mr. Varddhman Vikramaditya Jain is not disqualified from being appointed as a Director, in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Director of the Company. He also satisfies all the conditions set out in Part-I of Schedule V to the Companies Act, 2013 for being eligible for the appointment.

Accordingly, the resolutions in the item nos. 4 & 5 of the notice for approving the appointment of and remuneration to Mr. Varddhman Vikramaditya Jain as a Whole-time Director and as a Director liable to retire by rotation are being proposed for consideration of the members.

Brief resume of Mr. Varddhman Vikramaditya Jain as stipulated under the Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and details as required under SS-2 (Secretarial Standard-2 on General Meeting) is given hereinbelow.

1. Name	Mr. Varddhman Vikramaditya Jain (DIN: 08338573)
2. Date of Birth	14.10.1969
3. Age	50 years
4. Profession	Service
5. Qualification	M. Pharm
6. 6.1 Terms and conditions of appointment and details of remuneration sought to be paid	As mentioned in the resolution under Item 4 of the notice
6.2 Remuneration last drawn	-
7. Experience	Has over 26 years of experience in the areas of manufacturing, quality R&D, compliance & regulatory affairs both for API and finished dosage form manufacturing.
8. Shareholding of the Director	Nil
9. Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	None
10. Date of first appointment on the Board	24.01.2019

## 11. List of other Directorship and membership/Chairmanship of committees of other Boards

Board Meetings attended during the year	Whether attended last AGM	Directorships in other Companies	Board Committee Membership/ Chairmanship in other companies
6	No	Nil	Nil

Brief resume of Mr. Varddhman Vikramaditya Jain, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se are also provided in the Corporate Governance Report forming part of the Annual Report.

Except Mr. Varddhman Vikramaditya Jain, none of the other Directors/Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise in the resolutions set out at Item Nos. 4 & 5 of the Notice.

The Board recommends the resolutions set out at Item Nos. 4 & 5 of the Notice for approval of the members.

**Item No. 6**

Mr. Seetharama Raju Buddharaju (DIN: 03630668) had been appointed as an Independent Director for a term of Five consecutive years which term expired on 31st March, 2020. The Board of Directors has on the recommendation of the Nomination and Remuneration Committee, re-appointed Mr. Seetharama Raju Buddharaju as an Independent Director for a further term of Five consecutive years with effect from 1st April, 2020.

The Company has received a notice in writing under the provisions of Section 160 of the Act from a member proposing the candidature for the office of Independent Director to be appointed as such under the provisions of Sections 149, 152 of the Companies Act, 2013 and other applicable provisions, if any, of the Act read with The Companies (Appointment and Qualification of Directors) Rules, 2014 along with Schedule IV of the Act (including any

statutory modification(s) or re-enactment thereof for the time being in force) and any other applicable regulations, if any. Mr. Seetharama Raju Buddharaju has submitted a declaration of independence as provided in Section 149(6) of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and accordingly, in the opinion of the Board of Directors, he fulfills the conditions specified in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mr. Seetharama Raju Buddharaju is not disqualified from being re-appointed as a Director, in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Director of the Company.

Mr. Seetharama Raju Buddharaju (DIN 03630668) is a Science Graduate with Post Graduate Diploma in Marketing & Sales Management and Post Graduate Diploma in Business Management having more than 35 years of experience in Sales Management, Marketing & General Administration. He has handled various sales management assignments in Parke-Davis and Pfizer at senior levels in various locations for 22 years. He has also worked as Sales Head for 3 divisions of Sarabhai Chemicals. Currently he is practicing as a consultant. His indepth knowledge and experience in the aforesaid field has been of great help to the Company and his continuous association will benefit the Company in the long run.

Brief resume of Mr. Seetharama Raju Buddharaju as stipulated under the Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and details as required under SS-2 (Secretarial Standard-2 on General Meeting) is given hereinbelow.

1. Name	Mr. Seetharama Raju Buddharaju (DIN: 03630668)
2. Date of Birth	01.10.1951
3. Age	68 years
4. Profession	Consultant
5. Qualification	Science Graduate, Post Graduate Diploma in Marketing & Sales Management and Post Graduate Diploma in Business Management
6. 6.1 Terms and conditions of appointment and details of remuneration sought to be paid	As per resolution no.6
6.2 Remuneration Last drawn	--

7. Experience	He has more than 35 years of experience in Sales Management, Marketing & General Administration. He has handled various sales management assignments in Parke-Davis and Pfizer at senior levels in various location for 22 years. He has also worked as Sales Head for 3 divisions of Sarabhai Chemicals. Currently he is practicing as a consultant.		
8. Shareholding of the Director	Nil		
9. Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	None		
10. Date of first appointment on the Board	01.04.2015		
11. List of other Directorship and membership/Chairmanship of committees of other Boards			
Board Meetings attended during the year	Whether attended last AGM	Directorships in other Companies	Board Committee Membership/ (Chairmanship)
7	Yes	Nil	Nil

Brief resume of Mr. Seetharama Raju Buddharaju, nature of his expertise in specific functional areas and names of companies in which he holds directorship and membership/ chairmanship of Board Committees, shareholding and relationship between directors inter-se are also provided in the Corporate Governance Report forming part of the Annual Report.

The Board considers that his association with the Company would be of immense benefit to the Company and it is desirable to continue to avail his service as Independent Director. Accordingly, based on the recommendation of Nomination and Remuneration Committee, the Board recommends the Resolution set out at Item No. 6 of the accompanying Notice for approval of the Members of the Company. Since Mr. Seetharama Raju Buddharaju is being re-appointed, members' approval is being sought by way of a Special Resolution.

Except Mr. Seetharama Raju Buddharaju, being appointee, none of the other Directors and/or Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the said resolution.

**Item No. 7**

The tenure of Mr. Mark Saldanha (DIN: 00020983) as Managing Director of the Company will expire on 5th October, 2020. In terms of Section 196 read with Schedule V of the Companies Act, 2013, the Board of Directors of the Company at its meeting held on 4th August, 2020 has, on the basis of recommendation of the Nomination and Remuneration Committee and subject to approval of Members of the Company at the ensuing Annual General Meeting, re-appointed Mr. Mark Saldanha, as the Managing

Director of the Company for a further period of five (5) years with effective from 6th October, 2020. The re-appointment of and remuneration to Mr. Mark Saldanha has also the approval of the Audit Committee of Directors of the Company.

Mr. Mark Saldanha is a Science Graduate. He has vast experience in the field of production, marketing and finance. Mr. Mark Saldanha is the principal architect of the success and progress of the Company. Under his able, dynamic and manifold leadership, the Company will surely touch new heights of success and higher level of performance in the years to come and will be benefited by his expertise. It is, therefore, necessary in the best interest of the Company to avail his services and guidance for the further progress of the Company. Currently, Mr. Mark Saldanha is also a Director in Marksans Pharma (UK) Limited, Marksans Holdings Limited, Bell, Sons & Co. (Druggists) Limited, Relonchem Limited, Nova Pharmaceuticals Australasia Pty. Ltd., Marksans Pharma Inc., Time-Cap Laboratories Inc., and Custom Coating Inc.

Mr. Mark Saldanha is not disqualified from being re-appointed as a Director, in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Managing Director of the Company. He also satisfies all the conditions set out in Part-I of Schedule V to the Companies Act, 2013 for being eligible for the re-appointment.

The remuneration to Mr. Mark Saldanha has been recommended by the Nomination and Remuneration Committee and is in line with the remuneration package that is necessary to encourage good professionals to important position such as that occupied by Mr. Mark Saldanha and is commensurate with the functions and responsibilities that is being discharged by him.

Accordingly, the resolution in the item no. 7 of the notice for approving the re-appointment of and remuneration to Mr. Mark Saldanha as the Managing Director of the Company upon the terms and conditions as set out in the resolution, is being proposed for consideration of the members.

Brief resume of Mr. Mark Saldanha as stipulated under the Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and details as required under SS-2 (Secretarial Standard-2 on General Meeting) is given hereinbelow:

1. Name	Mr. Mark Saldanha (DIN:00020983)		
2. Date of Birth	18.08.1972		
3. Age	47 years		
4. Profession	Business		
5. Qualification	Science Graduate		
6. 6.1 Terms and conditions of re- appointment and details of remuneration sought to be paid	As mentioned in the resolution under Item 7 of the notice		
6.2 Remuneration last drawn	₹1,04,32,320/-		
7. Experience	He has over 24 years of experience in production, marketing and finance. He is the principal architect of the success and progress of the Company. Under his able, dynamic and manifold leadership, the Company rapidly growing to new heights of success and higher level of performance		
8. Shareholding of the Director	197491553		
9. Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Relative of Mrs. Sandra Saldanha		
10. Date of first appointment on the Board	06.10.2005		
11. List of other Directorship and membership/Chairmanship of committees of other Boards			
Board Meetings attended during the year	Whether attended last AGM	Directorships in other Companies	Board Committee Membership/Chairmanship in other companies
7	Yes	Marksans Pharma (UK) Limited, Marksans Holdings Limited, Bell, Sons & Co (Druggists) Limited, Relonchem Limited, Nova Pharmaceuticals Australasia Pty Ltd., Marksans Pharma Inc., Time-Cap Laboratories Inc. and Custom Coatings Inc.	

Brief resume of Mr. Mark Saldanha, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se are also provided in the Corporate Governance Report forming part of the Annual Report.

Mr. Mark Saldanha is holding 19,74,91,553 equity shares in the company and accordingly, he may be deemed to be concerned or interested, financially or otherwise, to the extent of the aforesaid shareholding in respect of his re-appointment as the Managing Director. Mrs. Sandra Saldanha who is his relative and the Whole-time Director of the Company, may be deemed to be concerned or interested in the re-appointment of Mr. Mark Saldanha.

Mr. Mark Saldanha is a related party within the meaning of Section 2(76) of the Companies Act, 2013 and therefore, his re-appointment as the Managing Director and

remuneration payable will require approval of the Company by a Special Resolution in terms of Section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise in the resolution set out at Item No. 7 of the Notice.

The Board recommends the Special Resolution set out at Item No. 7 of the Notice for approval of the members.

### Item No. 8

The tenure of Mrs. Sandra Saldanha as a Whole-time Director of the Company will expire on 24th September, 2020. In terms of Section 196 read with Schedule V of the Companies Act, 2013, the Board of Directors of the Company



at its meeting held on 4th August, 2020 has, on the basis of recommendation of the Nomination and Remuneration Committee and subject to approval of Members of the Company at the ensuing Annual General Meeting, re-appointed Mrs. Sandra Saldanha as a Whole-time Director of the Company for a further period of three (3) years with effect from 25th September, 2020. The re-appointment of and remuneration to Mrs. Sandra Saldanha has also the approval of the Audit Committee of the Company.

Mrs. Sandra Saldanha has a Master Degree in Arts (Sociology). Mrs. Sandra Saldanha has vast experience in the field of Human Resource Management, Business Development, Projects and Supply Chain Management. The Company will continue to be benefited by her expertise. Currently, Mrs. Sandra Saldanha is also a Director in Marksans Pharma (UK) Limited, Marksans Holdings Limited, Bell, Sons & Co. (Druggists) Limited and Relonchem Limited.

Mrs. Sandra Saldanha is not disqualified from being re-appointed as a Director, in terms of Section 164 of the Companies Act, 2013 and has given her consent to act

as a Director of the Company. She also satisfies all the conditions set out in Part-I of Schedule V to the Companies Act, 2013 for being eligible for the re-appointment.

The remuneration to Mrs. Sandra Saldanha has been recommended by the Nomination and Remuneration Committee and is in line with the remuneration package that is necessary to encourage good professionals to important position such as that occupied by Mrs. Sandra Saldanha and is commensurate with the functions and responsibilities that is being discharged by her.

Accordingly, the resolution in the item no. 8 of the notice for approving the re-appointment of and remuneration to Mrs. Sandra Saldanha as a Whole-time Director is being proposed for consideration of the members.

Brief resume of Mrs. Sandra Saldanha as stipulated under the Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and details as required under SS-2 (Secretarial Standard-2 on General Meeting) is given hereinbelow:

1. Name	Mrs. Sandra Saldanha		
2. Date of Birth	11.12.1971		
3. Age	48 years		
4. Profession	Business		
5. Qualification	Master of Arts (Sociology)		
6. 6.1 Terms and conditions of re-appointment and details of remuneration sought to be paid	As mentioned in the resolution under Item 8 of the notice		
6.2 Remuneration last drawn	₹70,29,564/-		
7. Experience	She has experience in Human Resource Management, Business Development, Projects and Supply Chain Management.		
8. Shareholding of the Director	180		
9. Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Relative of Mr. Mark Saldanha		
10. Date of first appointment on the Board	25.09.2014		
11. List of Directorship and other Directorship and membership/Chairmanship of committees of other Boards			
Board Meetings attended during the year	Whether attended last AGM	Directorships in other Companies	Board Committee Membership/Chairmanship in other companies
7	Yes	Marksans Pharma (UK) Limited, Marksans Holdings Limited, Relonchem Limited and Bell, Sons & Co. (Druggists) Limited	Nil

Brief resume of Mrs. Sandra Saldanha, nature of her expertise in specific functional areas and names of companies in which she holds directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se are also provided in the Corporate Governance Report forming part of the Annual Report.

Mrs. Sandra Saldanha is holding 180 equity shares in the Company and accordingly, she may be deemed to be

concerned or interested, financially or otherwise, to the extent of the aforesaid shareholding in respect of her re-appointment as a Whole-time Director. Mr. Mark Saldanha who is her relative and the Managing Director of the Company, may be deemed to be concerned or interested in the re-appointment of Mrs. Sandra Saldanha.

Mrs. Sandra Saldanha is a related party within the meaning of Section 2(76) of the Companies Act, 2013 and

therefore, her re-appointment as a whole-time director and remuneration payable will require approval of the Company by a Special Resolution in terms of Section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise in the resolution set out at Item No. 8 of the Notice.

The Board recommends the Special Resolution set out at Item No. 8 of the Notice for approval of the Members.

### Item No. 9

In the present competitive environment and in the long term interest of the Company and its shareholders, it is necessary that the Company adopt suitable measures for attracting and retaining qualified, talented and competent employees. Stock option is an effective instrument to foster a sense of ownership and belonging amongst the employees and provide an opportunity to participate in the growth of the Company besides creating long term wealth in their hands.

The Members had at the 27th Annual General Meeting held on 26th September, 2019, approved Marksans Employees Stock Option Scheme 2019. However, the said Scheme has not been implemented yet and therefore, as a measure of abundant precaution; the Board is seeking fresh approval of the Scheme under the title "Marksans Employees Stock Option Scheme 2020".

The Board, therefore, proposes to introduce, formulate and create Marksans Employees Stock Option Scheme 2020 ("Marksans ESOS 2020"). Grant of stock options under Marksans ESOS 2020 shall be as per the terms and conditions as may be decided by the Board from time to time in accordance with the provisions of the Companies Act, 2013 and SEBI (Share Based Employee Benefits) Regulations, 2014.

The salient features of Marksans ESOS 2020 are as under:-

#### 1. Total number of Options to be granted

- (i) A total of 81,86,273 Options would be available for grant to eligible employees under the scheme.
- (ii) Number of options shall be adjusted due to any corporate action(s) such as rights issue, bonus issue, buy-back of shares, split, consolidation of shares, amalgamation, sale of undertaking, etc. of the Company.

(iii) Each option when exercised would give the option holder a right to get one fully paid equity share of ₹1 each face value of the Company.

(iv) The options which will lapse, expire or be forfeited, will be available for further grant to the eligible employees.

#### 2. Implementation of Marksans ESOS 2020

The Scheme shall be implemented by the Company under the supervision of the Compensation Committee constituted by the Board of Directors of the Company for the purpose.

#### 3. Classes of Employees entitled to participate in Marksans ESOS 2020

All present and future permanent employees and directors, whether whole-time director or not but excluding independent directors, shall be eligible to participate in the scheme. The Promoter, the person belonging to promoter group or director/employee, who either himself or through his relative or through body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company, shall not be eligible to participate in the Scheme.

#### 4. Requirements and period of Vesting

The options granted shall vest so long as the employee continues to be in the employment of the Company. The vesting period shall be decided by the Compensation Committee from time to time but shall not be less than one (1) year and not more than five (5) years from the date of grant of options. Vesting may happen in one or more tranches.

#### 5. Exercise Price or Pricing formula

The exercise price and/or the pricing formula shall be decided by the Compensation Committee from time to time. Employees shall bear all tax liability in relation to grant of options.

#### 6. Exercise Period and process of exercise

The Compensation Committee shall decide the exercise period from time to time which can be extended upto seven (7) years from the vesting date(s). The employees can exercise stock options at any time after the vesting date either in full or in tranches by making full payment of exercise price and applicable taxes and by execution of such documents as may be prescribed by the Compensation Committee from time to time.

#### 7. Appraisal process for determining the eligibility of the employees

The process for determining the eligibility of the employees will be specified by the Compensation Committee and will be based on designation, period of service, band, performance linked parameters such as work performance and such other criteria as may be determined by the Compensation Committee at its sole discretion from time to time. In case of performance linked stock options, the number of vested stock options may vary from the original number of stock options granted.

8. Maximum number of options to be granted per employee

Maximum number of options to be granted to an eligible employee will be determined by the Compensation Committee on case to case basis. However, it is proposed that options not exceeding 81,86,273 equity shares of ₹1/- each face value in the aggregate can be granted. Further, options under each Grant to an employee shall not be less than fifty (50) and shall not exceed 1% of the total issued capital of the Company in any year provided that the aggregate number of options granted per employee under the total tenure of the scheme in any case shall not exceed 81,86,273 options.

9. Transferability options

The stock options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of death or permanent disability of an employee stock option holder while in employment, the right to exercise options granted to him till such date shall be transferred to his legal heirs or nominees.

10. Accounting Policies

The Company shall comply with the accounting policies specified in Regulation 15 of SEBI (Share Based Employee Benefits) Regulations, 2014 in respect of shares issued under Marksans ESOS 2020.

11. Method of Valuation

The Company shall use one of the applicable methods (intrinsic value or fair value) to value its options. In case the Company calculates the employee compensation cost using intrinsic value of options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used fair value of options, shall be disclosed in the Directors Report and also the impact of this difference on Statement of Profit and Loss and on Earnings Per Share (EPS) of the Company shall be disclosed in the Directors Report.

The Company shall comply with the disclosures, the accounting policies and other requirements as may be prescribed under the Companies Act, 2013 and SEBI (Share Based Employee Benefits) Regulations, 2014 and other applicable laws from time to time. The Compensation Committee shall have all the powers to take necessary decisions for effective implementation of Marksans ESOS 2020.

In terms of the provisions of the Companies Act, 2013 and SEBI (Share Based Employee Benefits) Regulations, 2014, Marksans ESOS 2020 is required to be approved by the Members by way of a Special Resolution.

A copy of the draft Marksans ESOS 2020 will be available for inspection on all working days (Monday to Friday) between 11.00 a.m. and 1.00 p.m. at the registered office of the Company, provided the office is not closed on account of Covid 19 Pandemic.

None of the Directors or Key Managerial Personnel of the Company including their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolutions except to the extent of the stock options that may be granted to them under Marksans ESOS 2020.

The Board recommends the resolutions set out at Item No. 7 of the Notice for approval of the Members as a Special Resolution.

Section 62 of the Companies Act, 2013 inter – alia provides that wherever it is proposed to increase the subscribed capital of the Company by the allotment of further shares, such further shares shall be offered to the existing shareholders of the Company in the manner laid down in the said section unless the shareholders in the general meeting decide otherwise. The consent of the Members is, therefore, sought to authorise the Board of Directors to grant options and allot shares to employees in the manner set out in the resolution.

**Details of Director seeking re-appointment as required under Regulation 36 of SEBI (LODR) Regulations, 2015**

**Re-appointment of Mrs. Sandra Saldanha (DIN: 00021023) (Item No. 3)**

Mrs. Sandra Saldanha (DIN: 00021023), a non-independent, executive and promoter director was re-appointed in 27th Annual General Meeting held on 26th September, 2019. As per provisions of Section 152(6)(c) of the Companies Act, 2013, she will retire as Director at the forthcoming Annual General Meeting and being eligible offers herself for re-appointment. Mrs. Sandra Saldanha aged 48 years is a Master of Arts (Sociology). She has experience in Human Resource Management, Business Development, Projects and Supply Chain Management.

1. Name	Mrs. Sandra Saldanha (DIN: 00021023)		
2. Date of Birth	11.12.1971		
3. Age	48 years		
4. Profession	Business		
5. Qualification	Master of Arts (Sociology)		
6. 6.1 Terms and conditions of re-appointment and details of remuneration sought to be paid	As per resolution no.5 passed at the 25th Annual General Meeting held on 26th September, 2017.		
6.2 Remuneration Last drawn	₹70,29,564/-		
7. Experience	She has experience in Human Resource Management, Business Development, Projects and Supply Chain Management.		
8. Shareholding of the Director	180 equity shares		
9. Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Relative of Mr. Mark Saldanha		
10. Date of first appointment on the Board	25.09.2014		
11. List of Directorship and other Directorship and membership/Chairmanship of committees of other Boards			
Board Meetings attended during the year	Whether attended last AGM	Directorships in other Companies	Board Committee Membership/ (Chairmanship)
7	Yes	Marksans Pharma (UK) Limited, Marksans Holdings Limited, Relonchem Limited, Bell, Sons and Co (Druggists) Limited	Nil

For and on behalf of the Board of Directors of  
**Marksans Pharma Limited**

Mumbai  
Dated: 4th August, 2020

**Harshavardhan Panigrahi**  
Company Secretary

**In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, and the e-AGM circulars, the Company is pleased to provide to the Members facility to attend the Annual General Meeting (AGM) through video conferencing / other audio visual means (VC), exercise their right to vote at the AGM by electronic means and the business will be transacted through remote e-voting prior to and during the AGM.**

**(A) E-Voting Instruction For Shareholders**

**The instructions for members voting electronically are as under:**

Pursuant to provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 and amendments thereof, the Company is providing facility for voting by electronic means (remote e-voting) and all resolutions set forth in the Notice convening the 28th AGM of the Company will be transacted through such voting. The Company will also be providing remote e-voting facility during the period of the AGM.

- (i) The remote e-voting period begins on 26th September, 2020 at 09:00 a.m. IST and ends on 28th September, 2020 at 05:00 p.m. IST. During this period, Members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date i.e. 23rd September, 2020, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter. Any person who acquires shares of the Company and becomes member of the Company after dispatch of notice of AGM and holding shares as on the cut-off date i.e. 23rd September, 2020 should follow the same procedure for e-Voting as mentioned below. Further, remote e-voting facility will also be available during the period of the AGM on 29th September, 2020.
- (ii) Members should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders / Members
- (iv) Now Enter your User ID
  - a. For members holding shares through CDSL: 16 digits beneficiary ID,
  - b. For members holding shares through NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com>

from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

- (v) Next, enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in dematerialised form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user, follow the steps given below:

**For Members holding shares in Demat Form and Physical Form**

PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat account holders for voting for resolutions of any other company on which they are

eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN of MARKSANS PHARMA LIMITED on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If demat account holder has forgotten the changed login password then enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.
- (xviii) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xix) Note for Non – Individual Shareholders and Custodians:-
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI, etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutiniser to verify the same.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

**(xx) General instructions:**

- a. A person whose name is recorded in the register of members or in the beneficial owners maintained by depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting.
- b. A person who is not a member as on the cut-off date should treat this Notice for information purposes only.
- c. The Board of Directors has appointed Jinesh Dedhia & Associates, Practicing Company Secretaries, (CP No. 20229), to act as the Scrutiniser for conducting the electronic voting process in a fair and transparent manner.
- d. Remote e-voting shall not be allowed beyond 05:00 p.m. on 28th September, 2020. However, remote e-voting will also be available during the

period of the AGM on 29th September, 2020. During the remote e-voting period, Members of the Company, holding shares either in physical form or in dematerialised form, as on Cut-off date, may cast their vote electronically. Once the vote on a resolution is cast by the Members, the Members shall not be allowed to change it subsequently.

- e. The Scrutiniser shall within a period of not exceeding three working days from the conclusion of the e-voting period, unlock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutiniser's Report of the votes cast in favor of or against, if any, forthwith to the Chairman of the Company.
  - f. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on 23rd September, 2020.
  - g. The Results of e-voting on resolutions shall be aggregated and declared on or after the AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite numbers of votes in favour of the Resolutions.
  - h. The results declared along with the Scrutiniser's Report shall be placed on the Company's website [www.marksanspharma.com](http://www.marksanspharma.com) and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com) within two days of the passing of the resolutions at the 28th Annual General Meeting of the Company, and communicated to the Stock Exchanges where the Company's shares are listed.
2. The Members can join the AGM in the Video Conferencing / Other Audio Visual Means mode within 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned hereinbelow. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
  3. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
  4. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
  5. Shareholders are encouraged to join the Meeting through Laptops / iPads for better experience.
  6. Further, shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
  7. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
  8. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [companysecretary@marksanspharma.com](mailto:companysecretary@marksanspharma.com). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [companysecretary@marksanspharma.com](mailto:companysecretary@marksanspharma.com). These queries will be replied to by the company suitably by email.

### **(B) Instructions For Shareholders Attending The Agm Through VC/OAVM Are As Under:**

1. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorised e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

9. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
10. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
11. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.marksanspharma.com](http://www.marksanspharma.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
12. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No.

14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

**(C) Instructions For Shareholders For E-Voting During The Agm Are As Under:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.



## Instructions on Deduction of Tax at Source on Dividend

Dear Shareholder(s),

The Board of Directors of your company at its Meeting held on 2nd June, 2020 have recommended dividend of ₹0.10 (10%) per Equity Share of ₹1/- each for the Financial Year ended 31st March, 2020. The dividend, as recommended by the Board, if approved at the ensuing annual general meeting, will be paid to the shareholders holding equity shares of the Company, either in electronic or in physical form on 23rd September, 2020.

In accordance with the provisions of the Income Tax Act, 1961 ('the Act') as amended and read with the provisions of the Finance Act, 2020, with effect from 1st April 2020, dividend declared and paid by a company is taxable in the hands of shareholders and the company will be required to deduct tax at source ('TDS') at the time of making the payment of the dividend to the shareholders at the applicable rates, if approved at the ensuing annual general meeting.

These instructions summarise the applicable TDS provisions as per the Act, for Resident and Non-Resident shareholder categories.

### Resident Shareholders

In terms of the provisions of section 194 of the Income Tax Act, 1961, tax deductible at source is @ 10% on the amount of dividend payable. The Central Board of Direct Taxes issued a Press Release dated 13th May 2020 stating that TDS rates on the amount paid or credited to residents during the period from 14th May 2020 to 31st March 2021 has been reduced by 25%. Thus, in case of resident shareholders, TDS @ 7.5% (instead of 10%) on dividend income shall apply under Section 194 of the Act, if Permanent Account Number (PAN) details are furnished to the Company. It is also clarified that there shall be no reduction in rates of TDS, where the tax is required to be deducted at higher rate of 20% due to non-furnishing of PAN.

No tax shall be deducted on the dividend payable to resident individuals if –

- i. Total dividend payable to the shareholder during the Financial Year 2020-21 does not exceed ₹5,000/- (Rupees Five Thousand only); or
- ii. The shareholder provides a written declaration in prescribed Form 15G (applicable to any person other than a Company or a Firm) / Form 15H (applicable to an Individual above the age of 60 years), subject to eligibility conditions being met.

Form 15G and 15H can be downloaded from the website of the R & T Agent of the Company viz. <https://bigshareonline.com/dividendTDS.aspx>.

Please note that PAN is mandatory. If PAN is not submitted/ PAN is invalid, tax would be deducted @20% as per Section 206AA of the Income Tax Act, 1961. **No claim shall lie against the Company for such taxes deducted.**

**Resident Shareholders other than individuals:** In case of a certain class of resident shareholders other than individuals who are covered under provisions of Section 194 or Section 196 or Section 197A of the Income-tax Act, 1961, no tax shall be deducted at source ('NIL rate') provided sufficient documentary evidence thereof, to the satisfaction of the Company, is submitted. The minimum details required for the aforesaid category are given below:

**Insurance Companies:** Public and Other Insurance Companies, a declaration that they have a full beneficial interest with respect to the shares owned by them along with PAN.

**Mutual Funds:** Self-declaration that they are specified and covered under section 10 (23D) of the Income Tax Act, 1961 along with a self-attested copy of PAN card and registration certificate.

**Alternative Investment Fund (AIF):** AIF established / incorporated in India - Self-declaration that their income is exempt under Section 10 (23FBA) of the Income Tax Act, 1961 and they are governed by SEBI regulations as Category I or Category II AIF along with a self-attested copy of the PAN card and registration certificate.

**Corporation established by or under a Central Act which is, under any law for the time being in force, exempt from income-tax on its income as per Section 196 of the Act:** Self-declaration specifying the specific Central Act under which such corporation is established and that their income is exempt under the provisions of the Income Tax Act, 1961 along with a self-attested copy of the PAN card and registration certificate.

**Other Resident Non Individual Shareholders:** Shareholders who are exempted from the provisions of TDS as per Section 194 of the Income Tax Act, 1961 and who are covered under Section 196 of the Income Tax Act, 1961 shall also not be subjected to any TDS, provided they submit a self-attested copy of the PAN card along with the documentary evidence in relation to the exemption from the provisions of TDS as per Income Tax Act, 1961.

In cases where shareholders provide certificate under section 197 of the Act for lower / NIL withholding of taxes, rate specified in the said certificate shall be considered on submission of self-attested copy thereof.

***Application of NIL rate at the time of tax deduction / withholding on dividend amounts will depend upon the completeness and satisfactory review by the Company, of the documents submitted by such shareholders.***

#### **Non-resident Shareholders**

Taxes are required to be withheld in accordance with the provisions of Section 195 of the Income tax Act, 1961 at the rates in force. As per the relevant provisions of the Act, the withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) on the amount of dividend payable to them. In case certificate issued under section 197/ 195 of the Income Tax Act, 1961 is given by the non-resident shareholders, rate specified in the said certificate shall be considered on submission of self-attested copy thereof.

However, as per Section 90 of the Income tax Act, the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) between India and the country of tax residence of the shareholder, if they are more beneficial to them. For this purpose, i.e. to avail Tax Treaty benefits, the non-resident shareholders will have to provide the following:

1. Self-attested copy of the Permanent Account Number (PAN Card) allotted by the Indian Income Tax authorities
2. Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is resident
3. Self-declaration in Form\_10F available at <https://bigshareonline.com/dividendTDS.aspx> if all the details required in this form are not mentioned in the TRC
4. Self-declaration by the non-resident shareholder of having no Permanent Establishment in India in accordance with the applicable Tax Treaty
5. Self-declaration of Beneficial ownership by the non-resident shareholder containing the following:
  - a. Shareholder is and will continue to remain a tax resident of the country of his residence during the financial year 2020-21;
  - b. Shareholder is eligible to claim the beneficial DTAA rate, including having regard to the Principal Purpose Test (if any), included in the applicable tax treaty with India for the purposes of tax withholding on dividend declared by the company;
  - c. Shareholder has no reason to believe that the claim for the benefits of the DTAA is impaired in any manner;
  - d. Shareholder is the ultimate beneficial owner of the shareholding in the company and dividend receivable from the company; and
  - e. Shareholder does not have a taxable presence or a permanent establishment in India during the financial year 2020-21

The Company will apply its sole discretion and is not obligated to apply the beneficial DTAA rates for tax deduction on dividend payable to shareholders. Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by the Non- Resident shareholders.

Where the PAN is either not available or is invalid, DTAA benefit shall not be granted and tax shall be deducted at the prescribed rate or 20% (plus applicable surcharge and cess), whichever is higher.

Notwithstanding as mentioned above, tax shall be deducted at source @ 20% (plus applicable surcharge and cess) on dividend paid to Foreign Institutional Investors ("FII") and Foreign Portfolio Investors ("FPI") in accordance with the provisions of section 196D of the Act. Such TDS rate shall not be reduced on account of the applicable favourable DTAA rate, if any.

Notwithstanding anything contained herein, where any shareholder is a tax resident of any country or territory notified as a notified jurisdictional area under Section 94A(1) of the Income Tax Act, tax will be deducted at source at the rate of 30% or at the rate specified in the relevant provision of the Income-tax Act, 1961 or at the rates in force (plus applicable surcharge and cess), whichever is higher, from the dividend payable to such shareholder in accordance with Section on 94A of the Income Tax Act, 1961.

#### **For all Shareholders**

Please note that the aforementioned documents are required to be submitted through post to the Registrar and Transfer Agent viz. Bigshare Services Pvt. Ltd. or online at [www.bigshareonline.com](http://www.bigshareonline.com) by uploading all supporting documents. In case of any query, shareholders can write to [investor@bigshareonline.com](mailto:investor@bigshareonline.com) and copy to [companysecretary@marksanspharma.com](mailto:companysecretary@marksanspharma.com) on or before 15th September, 2020 in order to enable the Company to determine and deduct appropriate TDS / withholding tax. No communication on the tax determination / deduction shall be entertained post 15th September, 2020.

Kindly note that where the requisite documents furnished by the shareholders are incomplete or not properly executed, DTAA benefit / lower rate benefit shall not be granted and tax shall be deducted at the prescribed rates as mentioned above (plus surcharge and cess, wherever applicable). In case the requisite documents are submitted by the shareholders through his/ her registered email, the Company has full right to demand for the original documents and the shareholders undertake to abide by such request. Documents received by Registered Post or from registered email ID will only be accepted.

In case of joint shareholders, the shareholder named first in the Register of Members is required to furnish the requisite documents for claiming any applicable beneficial tax rate.

Shareholders holding shares under multiple accounts under different status / category and single PAN, may note that, higher of the tax as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts. It is clarified that in such cases the total dividend amount will be clubbed on the basis of the PAN of the shareholder and prescribed tax as applicable will be deducted by the company.

We shall arrange to email a soft copy of TDS certificate to you at your registered email ID in due course, post payment of the dividend.

It may further be noted that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details / documents from you, there would

still be an option available with the shareholder to file the return of income in India and claim an appropriate refund, if eligible.

**No claim shall lie against the Company for such taxes deducted**

In order to facilitate receipt of dividend directly in your bank account, we request you to submit / update your bank account details with your Depository Participant, in case you are holding shares in the electronic form. In case your shareholding is in the physical form, you may submit the name and bank account details of the first shareholder along with a cancelled cheque leaf with your name and bank account details and a duly self-attested copy of your PAN card, with Bigshare Services Pvt. Ltd. 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Near Keys Hotel, Marol, Andheri – East, Mumbai – 400059, India. In case the cancelled cheque leaf does not bear your name, please attach a copy of the bank pass-book statement, duly self-attested. We also request you to register your email IDs and mobile numbers with the Company or Bigshare Services Pvt. Ltd. at the abovementioned email IDs.

We request your cooperation in this regard.

Yours faithfully,  
For Marksans Pharma Limited

Sd/-  
Harshavardhan Panigrahi  
Company Secretary

***Disclaimer: The information set out herein above is included for general information purposes only and does not constitute legal or tax advice. Since the tax consequences are dependent on facts and circumstances of each case, the investors are advised to consult their own tax consultant with respect to specific tax implications arising out of receipt of dividend.***

# Corporate Information

## Board of Directors

Mr. Mark Saldanha  
Chairman & Managing Director  
(DIN: 00020983)

Mrs. Sandra Saldanha  
Whole-time Director  
(DIN: 00021023)

Mr. Varddhan V. Jain  
Whole-time Director  
(DIN: 08338573)

Mr. Seetharama R. Buddharaju  
Independent Director  
(DIN: 03630668)

Mr. Digant Mahesh Parikh  
Independent Director  
(DIN: 00212589)

Mr. Abhinna Sundar Mohanty  
Independent Director  
(DIN: 00007995)

## Registered Office

11th Floor, Grandeur,  
Veera Desai Extension Road,  
Oshiwara, Andheri (West),  
Mumbai – 400053.

## CIN

L24110MH1992PLC066364

## Registrar & Share Transfer Agent

Bigshare Services Private Limited  
1st Floor, Bharat Tin Works Building,  
Opp. Vasant Oasis Makwana Road,  
Near Keys Hotel,  
Marol, Andheri (East),  
Mumbai – 400059.

## Bankers

State Bank of India

Bank of Baroda

## Works

- 1 L-82 & 83, Verna Industrial Estate, Verna, Goa – 403722.
- 2 Bell, Sons & Co. (Druggists) Ltd. Gifford House, Slaidburn Crescent, Southport, PR9 9AL.
- 3 Time-Cap Laboratories Inc. 7, Michael Avenue, Farmingdale, New York- 11735, USA.

## 28th Annual General Meeting

Day & Date:  
Tuesday, 29th September, 2020  
Time: 11:00 a.m.

The 28th Annual General Meeting will be held through Video Conferencing / Other Audio Visual Means.

## Key Management Personnel

Mr. Mark Saldanha  
Chairman & Managing Director

Mrs. Sandra Saldanha  
Whole-time Director

Mr. Varddhan V. Jain  
Whole-time Director

Mr. Jitendra Sharma  
Chief Financial Officer

## Company Secretary & Manager – Legal

Mr. Harshavardhan Panigrahi

## Statutory Auditors

M/s Bhuta Shah & Co. LLP

## Secretarial Auditor

Ms. Khushboo Chinal Shah



## Marksans Pharma Ltd.

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11th Floor Grandeur,  
Off Veera Desai Road,  
Opp Gundecha Symphony,  
Andheri (W), Mumbai 400 053.

**Tel no:**+ 91 (22) 4001-20-00

**Fax:**+ 91 (22) 40012099, 40012011

**[www.marksanspharma.com](http://www.marksanspharma.com)**

