GLAND PHARMA LIMITED

August 2, 2021

BSE Limited
Corporate Relationship Department
Phiroze Jeejeebhoy Towers
25th floor, Dalal Street
Mumbai - 400 001
Scrip Code: 543245

National Stock Exchange of India Limited
Listing Department
Exchange Plaza, 5th floor
Plot no. C-1, Block G, Bandra Kurla Complex
Bandra (East), Mumbai - 400 051
Symbol : GLAND (ISIN : INE068V01023)

Dear Sir/Madam,

Subject: Notice of the 43rd Annual General Meeting (AGM) along with copy of Annual Report for the year ended March 31, 2021

This is in continuation to our intimation dated May 17, 2021 wherein the Company had intimated of the 43rd Annual General Meeting of the Company scheduled to be held on **Thursday, August 26, 2021 at 11.00 a.m. IST** through Video Conferencing (VC) / Other Audio-Visual Means (OAVM).

In accordance with Section 108 of the Companies Act, 2013, Secretarial Standard- 2 and Regulations 30, 34 and 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we are enclosing herewith the following:

1. Notice of the 43rd Annual General Meeting (including e-voting instructions)
2. Annual Report for FY 2020-21

The aforesaid documents are available on the Company's website at www.glandpharma.com/investors/investors_annual_report and are being dispatched to all eligible shareholders whose email IDs are registered with the Company / Depositories.

The Company is pleased to provide to its members the facility to exercise their right to vote on the resolutions proposed to be passed at the AGM by electronic means. Only those, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the **cut-off date**, i.e. **Thursday, August 19, 2021**, shall be entitled to avail the e-voting facility.

The remote **e-voting facility** commences on **Monday, August 23, 2021** from **10.00 a.m. (IST)** and ends on **Wednesday, August 25, 2021** at **5.00 p.m. (IST)**.

The facility for voting through the e-voting system will also be made available during the AGM. Members attending the AGM through VC / OAVM facility who have not cast their vote by remote e-voting will be able to vote during the AGM.

The manner of remote e-voting for members holding shares in dematerialised and physical modes as well as for members who have not registered their email IDs is provided in the notes to the Notice of the AGM.

This is for your information and records.

Yours truly,

For Gland Pharma Limited

Sampath Kumar Pallerlamudi
Company Secretary and Compliance Officer

Encl: As mentioned above

GLAND PHARMA LIMITED
Corporate Identification Number (CIN) - L24239TG1978PLC002276
Registered Office: Sy. No. 143 - 148, 150 and 151, Near Gandi Maisamma 'X' Roads
D.P. Pally, Dundigal, Dundigal - Gandi Maisamma (M), Medchal-Malkajgiri District
Hyderabad 500 043, Telangana, India
Tel: +91 84556 99999; E-mail id - investors@glandpharma.com; Website: www.glandpharma.com

NOTICE

Notice is hereby given that the 43rd Annual General Meeting of the Members of Gland Pharma Limited will be held on **Thursday, 26th August, 2021** at 11.00 A.M (IST) through video conferencing (VC)/ other audio-visual means (OAVM) to transact the following business:

Ordinary Business(es):

1. To receive, consider and adopt the audited standalone financial statements of the Company for the financial year ended 31st March, 2021 including the Audited Balance sheet as at 31st March, 2021; the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date along with the Schedules and Notes thereto, together with the Reports of the Board of Directors and Auditors thereon.

   "**RESOLVED THAT** the audited standalone financial statements of the Company for the financial year ended 31st March, 2021 including the Audited Balance sheet as at 31st March, 2021; the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date along with the Schedules and Notes thereto and the reports of the Board of Directors and Auditor thereon as circulated to the members with the Notice of the Annual General Meeting and submitted to this meeting be and are hereby considered and adopted."

2. To receive, consider and adopt the audited consolidated financial statements of the Company for the financial year ended 31st March, 2021 and the report of the Auditors thereon

   "**RESOLVED THAT** the audited consolidated financial statements of the Company for the financial year ended 31st March, 2021 including the Audited Balance sheet as at 31st March, 2021; the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date along with the Schedules and Notes thereto and the report of Auditor thereon as circulated to the members with the Notice of the Annual General Meeting and submitted to this meeting be and are hereby considered and adopted."

3. To reappoint Mr. Srinivas Sadu as a Director, liable to retire by rotation and being eligible offers himself for reappointment

   "**RESOLVED THAT** pursuant to Section 152 and other applicable provisions of the Companies Act, 2013; Mr. Srinivas Sadu (DIN: 06900659), who retires by rotation and being eligible offers himself for re-appointment, be and is hereby re-appointed as a director of the Company liable to retire by rotation."

4. To reappoint Mr. Li Dongming as a Director, liable to retire by rotation and being eligible offers himself for reappointment.

   "**RESOLVED THAT** pursuant to Section 152 and other applicable provisions of the Companies Act, 2013; Mr. Li Dongming (DIN: 08047543), who retires by rotation and being eligible offers himself for re-appointment, be and is hereby re-appointed as a director of the Company liable to retire by rotation."

Special Business(es)

5. To appoint Ms. Naina Lal Kidwai as an independent director of the Company

   *To consider and if thought fit, to pass the following as an **Ordinary Resolution***

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160 of the Companies Act, 2013; and the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable laws, upon the recommendation of the Nomination and Remuneration Committee and the Board of Directors and on the basis of declaration of independence submitted, Ms. Naina Lal Kidwai (DIN 00017806), who was appointed as an Additional Director of the Company be and is hereby appointed as Director and as an Independent Director of the Company for a term of five years with effect from 17th May, 2021 up to 16th May, 2026.

   RESOLVED FURTHER THAT the Managing Director & CEO and the Company Secretary be and are hereby severally authorized to sign and file the required forms / returns with the Ministry of Corporate Affairs and to do all acts, deeds and things necessary in this regard."

6. To appoint Dr. Jia Ai Zhang (Dr. Allen Zhang) as a director of the Company

To consider and if thought fit, to pass, the following as an ***Ordinary Resolution***

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160 of the Companies Act, 2013; and the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable laws, upon the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Mr. Jia Ai Zhang (DIN 0009170927), who was appointed as an Additional Director of the Company be and is hereby appointed as Director of the Company, who is liable to retire by rotation.

RESOLVED FURTHER THAT the Managing Director & CEO and the Company Secretary be and are hereby severally authorized to sign and file the required forms / returns with the Ministry of Corporate Affairs and to do all acts, deeds and things necessary in this regard."

7. To appoint Mr. Udo Johannes Vetter as an independent director of the Company

To consider and if thought fit, to pass the following as an ***Ordinary Resolution***

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160 of the Companies Act, 2013; and the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable laws, upon the recommendation of the Nomination and Remuneration Committee and the Board of Directors and on the basis of declaration of independence submitted, Mr. Udo Johannes Vetter (DIN 00707474), be and is hereby appointed as an Independent Director of the Company for a term of five years with effect from 21st July, 2021 up to 20th July, 2026.

RESOLVED FURTHER THAT the Managing Director & CEO and the Company Secretary be and are hereby severally authorized to sign and file the required forms / returns with the Ministry of Corporate Affairs and to do all acts, deeds and things necessary in this regard."

8. To consider commission on profits as remuneration to Ms. Naina Lal Kidwai, Independent Director

To consider and if thought fit, to pass the following as an ***Ordinary Resolution***

"**RESOLVED THAT** pursuant to Section 197, 198 and all other applicable provisions of the Companies Act, 2013; provisions of Regulation 17(6)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Articles of Association of the Company; and in addition to the sitting fees being paid/payable for attending the meetings of the Board of Directors of the Company and its Committees thereof, the consent of the Members of the Company be and is hereby accorded for making a payment to Ms. Naina Lal Kidwai, Independent Director of the Company, for a period of 3 years commencing from the Financial year 2021-22, a Commission of 0.25% on Audited Net profits of the Company (computed in the manner provided in Section 198 and other applicable provisions of the Companies Act, 2013), subject to a maximum of INR 10 Mn per annum.

RESOLVED FURTHER THAT the Managing Director & CEO and the Company Secretary be and are hereby severally authorized to sign and file the required forms / returns with the Ministry of Corporate Affairs and to do all acts, deeds and things necessary in this regard."

9. To consider commission on profits as remuneration to Mr. Essaji Vahanvati, Independent Director

To consider and if thought fit, to pass the following as an ***Ordinary Resolution***

"**RESOLVED THAT** pursuant to Section 197, 198 and all other applicable provisions of the Companies Act, 2013; provisions of Regulation 17(6)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Articles of Association of the Company; and in addition to the sitting fees being paid/payable for attending the meetings of the Board of Directors of the Company and its Committees thereof, the consent of the Members of the Company be and is hereby accorded for making a payment to Mr. Essaji Vahanvati, Independent Director of the Company, for a period of 3 years commencing from the Financial year 2021-22, a Commission of 0.1% on Audited Net profits of the Company (computed in the manner provided in Section 198 and other applicable provisions of the Companies Act, 2013), subject to a maximum of INR 2.5 Mn per annum.

RESOLVED FURTHER THAT the Managing Director & CEO and the Company Secretary be and are hereby severally authorized to sign and file the required forms / returns with the Ministry of Corporate Affairs and to do all acts, deeds and things necessary in this regard."

10. To consider commission on profits as remuneration to Mr. Udo Johannes Vetter, Independent Director

To consider and if thought fit, to pass the following as an ***Ordinary Resolution***

"**RESOLVED THAT** pursuant to Section 197, 198 and all other applicable provisions of the Companies Act, 2013; provisions of Regulation 17(6)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Articles of Association of the Company; and in addition to the sitting fees being paid/payable for attending the meetings of the Board of Directors of the Company and its Committees thereof, the consent of the Members of the Company be and is hereby accorded for making a payment to Mr. Udo Johannes Vetter, Independent Director of the Company, for a period of 3 years commencing from the Financial year 2021-22, a Commission of 0.1% on Audited Net profits of the Company (computed in the manner provided in Section 198 and other applicable provisions of the Companies Act, 2013), subject to a maximum of INR 2.5 Mn per annum.

RESOLVED FURTHER THAT the Managing Director & CEO and the Company Secretary be and are hereby severally authorized to sign and file the required forms / returns with the Ministry of Corporate Affairs and to do all acts, deeds and things necessary in this regard."

11. To consider revision in remuneration to Mr. C.S.N. Murthy, Independent Director

*To consider and if thought fit, to pass the following as an **Ordinary Resolution***

"**RESOLVED THAT** pursuant to Section 197, 198 and all other applicable provisions of the Companies Act, 2013; provisions of Regulation 17(6)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Articles of Association of the Company; and in addition to the sitting fees being paid/payable for attending the meetings of the Board of Directors of the Company and its Committees thereof, the consent of the Members of the Company be and is hereby accorded for making a payment to Mr. C.S.N. Murthy, Independent Director of the Company, for the remaining period of his term as an Independent Director, commencing from the Financial year 2021-22, a Commission of 0.1% on Audited Net profits of the Company (computed in the manner provided in Section 198 and other applicable provisions of the Companies Act, 2013), subject to a maximum of INR 2.5 Mn per annum.

RESOLVED FURTHER THAT the Managing Director & CEO and the Company Secretary be and are hereby severally authorized to sign and file the required forms / returns with the Ministry of Corporate Affairs and to do all acts, deeds and things necessary in this regard."

By order of the Board of Directors

Place: Hyderabad
Date: 21.07.2021

Sampath Kumar Pallerlamudi
Company Secretary

Notes:

1) The statement pursuant to Section 102(1) of the Companies Act, 2013 and the Rules made thereunder in respect of the special business set out in the Notice, Secretarial Standard on General Meetings (SS-2), wherever applicable, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) wherever applicable, is annexed hereto. The Board of Directors of the Company at its Meeting held on 21st July, 2021 concluded that the special businesses under item numbers 5 to 11 are considered unavoidable and hence need to be transacted at the 43rd AGM of the company in terms of compliance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The relevant details, pursuant to Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this AGM is annexed.

2) In view of the continuing COVID-19 pandemic, for maintaining social distancing norms and pursuant to General Circular Nos 14/2020, 17/2020, 20/2020 and 02/2021 dated April 8, 2020; April 13, 2020; May 5, 2020 and January 13, 2021 respectively, issued by the Ministry of Corporate Affairs (MCA) and Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated May 12, 2020 and January 15, 2021 respectively issued by the Securities and Exchange Board of India (collectively referred to as 'the Circulars') companies are permitted to hold the AGM through VC/OAVM, without the physical presence of the members at a common venue. Accordingly, the 43rd AGM of the Company will be convened through VC/OAVM in compliance with the provisions of the Companies Act, 2013 and Rules made thereunder, Listing Regulations read with the aforesaid Circulars. The deemed venue for the 43rd AGM shall be the registered office of the Company i.e. Sy. No. 143 to 148, 150 & 151, Near Gandimaisamma 'X' Roads, D.P. Pally, Dundigal, Dundigal - Gandimaisamma Mandal, Medchal - Malkajgiri District, Hyderabad, Telangana - 500 043.

3) In accordance with the Applicable Circulars, the VC/OAVM will have a capacity to allow at least 1000 members to participate in the AGM and such participation shall be on a first-come-first-served basis. However, please note that pursuant to the Applicable Circulars, large shareholders (i.e. 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. may be allowed to attend the meeting without restriction on account of first-come-first-served principle.

4) The VC/OAVM facility for members to join the meeting, shall be kept open 30 minutes before the start of the AGM and shall be closed on expiry of 30 minutes after the conclusion of the AGM. Members can attend the AGM through VC/OAVM by following the instructions mentioned in this Notice.

5) The facility for appointment of proxies by members is not available as the AGM will be held through VC/OAVM and physical attendance of the members is dispensed with pursuant to the aforesaid Circulars. Hence, the route map, proxy form and attendance slip are not annexed to this Notice.

6) Institutional/Corporate members whose authorized representatives are intending to attend the meeting are requested to send to the company at investors@glandpharma.com, a certified copy of the board resolution / Power of Attorney/Authority Letter, etc. authorizing such representative to attend the AGM through VC/OAVM, and cast their votes through e-voting.

7) Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

8) The requirement to place the matter relating to the appointment of statutory auditors for ratification by members at every AGM is omitted vide notification dated

7 May 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, resolution for ratification of the appointment of statutory auditors who were appointed for a period of five years at the 40th AGM held on 17th September, 2018 is not proposed at this AGM.

9) The statutory registers including register of directors and key managerial personnel and their shareholding, the register of contracts or arrangements in which directors are interested maintained under the Companies Act, 2013 and all other documents referred to in the Notice will be available for inspection in electronic mode. Members who wish to inspect the register are requested to write to the company by sending e-mail to investors@glandpharma.com.

10) In accordance with the aforesaid Circulars, the Notice of the 43rd AGM along with the Annual Report for the financial year 2020-21 is being sent only through electronic mode to the members who have registered their e-mail addresses with the company/depository participants. Members may note that the Notice of the 43rd AGM and the Annual Report are also available on the Company's website: www.glandpharma.com. The Notice of AGM and Annual Report will also be available on website of NSDL (www.evoting.nsdl.com) and on the website of Stock Exchanges (www.bseindia.com) and (www.nseindia.com).

11) In accordance with the aforesaid Circulars, no physical copy of the Notice of the 43rd AGM and the Annual Report for the financial year 2020-21 is being sent to members who have not registered their e-mail addresses with the company/depository participants.

12) In accordance with the Circulars, members who have not registered their e-mail address may register their e-mail address with their depository participant or send their consent at investors@glandpharma.com or rnt.helpdesk@linkintime.co.in along with their folio no./DP ID client ID and valid e-mail address for registration.

13) Pursuant to Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015; Regulation 44 of the Listing Regulations and the aforesaid Circulars, the Company is pleased to offer voting by electronic means to the members to cast their votes electronically on all resolutions set forth in this Notice. The detailed instructions for e-voting and attending the AGM through VC/OAVM are given as a separate attachment to this Notice.

14) Members, desiring any information relating to the financials from the management or the statutory auditors, are requested to write to the Company at investors@glandpharma.com at an early date.

15) A certificate from the auditors of the Company certifying that the Company's 'Gland Pharma Employees Stock Option Scheme, 2019' is being implemented in accordance with the SEBI Regulations and the resolution passed by the members, is required to be placed at the AGM. Such certificate will be available for inspection by the members in electronic mode before and during the AGM. Members who wish to inspect the certificate are requested to write to the company by sending e-mail to investors@glandpharma.com.

16) Members are requested to intimate immediately, any change in their address to their depository participants with whom they are maintaining their demat accounts. If the shares are held in physical form, change in address has to be intimated to the company's registrar and transfer agent (RTA), Link Intime India Private Limited, C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West) Mumbai – 400 083, Maharashtra, India. Tel : +91-22-4918 6000, Fax: +91-22-4918 660, e-mail ID: rnt.helpdesk@linkintime.co.in.

17) 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 their PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form should submit their PAN to the Company or its RTA.

18) The register of members and share transfer books of the company will remain closed from Tuesday, August 10, 2021 to Thursday, August 26, 2021 (both days inclusive).

19) Pursuant to Section 72 of the Companies Act, 2013; members are entitled to make a nomination in respect of shares held by them. Members desirous of making a nomination, pursuant to the Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014 are requested to send their requests in form no. SH-13, to the RTA of the Company. Further, members desirous of cancelling/varying nomination pursuant to the Rule 19(9) of the Companies (Share Capital and Debentures) Rules, 2014; are requested to send their requests in form no. SH-14, to the RTA of the Company. These forms will be made available on request.

20) The members may note that, pursuant to SEBI Notification dated 8 June, 2018 and Press Release dated 3 December, 2018; and Regulation 40(1) of SEBI Listing Regulations, as amended from time to time, transfer of shares (except transmission and transposition of shares) will be in dematerialised form only. Although, the members can continue to hold shares in physical form, they are requested to consider dematerializing the shares held by them in the Company, for their own benefit.

21) Your Company is pleased to provide the facility of live webcast of proceedings of AGM. Members who are entitled to participate in the AGM can view the live proceedings of AGM by logging on the NSDL e-voting system at www.evoting.nsdl.com using their secure login credentials. Members are encouraged to use this facility of the live webcast. The webcast facility will be available from 11.00 a.m (IST) onwards on August 26, 2021.

By order of the Board of Directors

Place: Hyderabad
Date: 21.07.2021

Sampath Kumar Pallerlamudi
Company Secretary

ANNEXURE TO NOTICE OF AGM

Statement provided under Secretarial Standards on General Meetings (SS-2).

ITEM NO. 3:

To reappoint Mr. Srinivas Sadu as a Director, liable to retire by rotation and being eligible offers himself for reappointment.

Mr. Srinivas Sadu holds a Master's degree in Science from Long Island University, New York; Master's Degree in Business Administration from University of Baltimore; Post Graduate Certificate in Finance & Management from London School of Business & Finance.

He is presently CEO and Managing Director of Gland Pharma Limited and is the Chairman of the Corporate Social Responsibility Committee, and a member of the Stakeholders' Relationship Committee & Share Transfer Committee and Risk Management Committee.

He retires by rotation at the 43rd AGM of the Company, and being eligible, offers himself for reappointment. The Company has received an intimation in form DIR-8 pursuant to Rule 14 of the Companies (Appointment and Qualification of Directors) Rules, 2014; from Mr. Srinivas Sadu to the effect that he is not disqualified in accordance with Section 164(2) of the Companies Act, 2013 and a declaration that he is not debarred or restrained from acting as a director by any SEBI order or by any other such authority.

Mr. Srinivas Sadu has attended all Board meetings held during FY 2020-2021 and other Committee Meetings in which he is a member. Mr. Srinivas Sadu holds 96,000 equity shares (granted under ESOPs Scheme) in the Company as on 31st March, 2021.

Except Mr. Srinivas Sadu, none of the other directors or key managerial personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at item no. 3 of the Notice. The Board of Directors recommends the resolution set forth in item no. 3 of the Notice for approval of the members.

ITEM NO. 4:

To reappoint Mr. Li Dongming as a Director, liable to retire by rotation and being eligible offers himself for reappointment.

Mr. Li Dongming holds a Bachelor's degree in Science from Fudan University. He is Co-President of Shanghai Fosun Pharmaceutical (Group) Co. Ltd.

He is presently Non-Executive Director of Gland Pharma Limited and is the Chairman of Risk Management Committee, member of the Nomination and Remuneration Committee, Stakeholders' Relationship Committee & Share Transfer Committee, Corporate Social Responsibility Committee and ESOP Compensation Committee.

He retires by rotation at the 43rd AGM of the Company, and being eligible, offers himself for reappointment. The Company has received an intimation in form DIR-8 pursuant to Rule 14 of the Companies (Appointment and Qualification of Directors) Rules, 2014; from Mr. Li Dongming to the effect that he is not disqualified in accordance with Section 164(2) of the Companies Act, 2013 and a declaration that he is not debarred or restrained from acting as a director by any SEBI order or by any other such authority.

Mr. Li Dongming has attended 90% of Board meetings held during FY 2020-2021 and all other Committee Meetings in which he is a member. Mr. Li Dongming does not hold any equity shares in the Company as on 31st March, 2021.

Except Mr. Li Dongming, none of the other directors or key managerial personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at item no. 4 of the Notice. The Board recommends the resolution set forth in item no. 4 of the Notice for approval of the members.

ITEM NO 5:

To appoint Ms. Naina Lal Kidwai as an independent director of the Company

The Board of Directors of the Company at its meeting held on 17th May, 2021 had appointed Ms. Naina Lal Kidwai as an Additional Director of the Company in terms of Section 161 of the Companies Act, 2013 and as an Independent Director, subject to the approval of the Members. She is proposed to be appointed as Director and Independent Director of the Company for a period of five (5) years with effect from 17th May, 2021.

Ms. Naina Lal Kidwai is presently the Chairman of Advent Private Equity India Advisory Board; a Non- Executive Director on the Boards of LafargeHolcim, Max Financial Services, and Cipla; a Trustee of Asia House in the UK; India Advisory Council, Member of the U.S.-India Business Council (USIBC); and was the Past President of the Federation of Indian Chambers of Commerce and Industry (FICCI). She retired in December, 2015 as an Executive Director on the Board of HSBC Asia Pacific and Chairman HSBC India, and in April, 2018 as Non-Executive Director on the global Board of Nestle.

She chairs the Financial Services Working Group of the BRICs Business Council and is a member of the INDO-ASEAN Business Council. She is also a member of the Army Group Insurance Fund's investment advisory Committee, Harvard Business School's South Asia Advisory Board and Standard Chartered Bank's International Advisory Council.

She has been a member of the Government of India's Industry Task Force, the Prime Minister's Trade and Industry Council, the National Manufacturing Council, the National Trade Council, and on the Working Group on Banking, Financial Sector Legislative Reforms Commission and the National Institute of Bank Management.

She brings in rich experience in the areas of banking and finance. A recipient of many awards and honours, she was awarded the Padma Shri by the Government of India for her contribution to Trade and Industry. She has published several articles in mainline dailies and has authored 3 books, "Survive Or Sink - An Action Agenda for Sanitation, Water, Pollution and Green Finance", "Contemporary Banking in India" and "30 Women in Power: Their Voices, Their Stories."

Her interests in water, sanitation and the environment and empowerment of women are reflected in her engagements at Shakti Sustainable Energy Foundation, International Advisory Council of the Inquiry of United Nations Environment Program (UNEP), Commissioner for the Global Commission on Economy & Climate, Advisory Board Wildlife Conservation Trust, The Rockfeller Foundation Economic Council for Planetary Health, Chair of FICCI's Water Mission and founder and Chair of the India Sanitation Coalition.

Ms. Naina Lal Kidwai started her banking career with ANZ Grindlays Bank (Now Standard Chartered Bank) in 1982 and was associated with it till 1994. During her stint with Morgan Stanley India / JM Morgan Stanley from 1994 to 2002, as Vice Chairman and Head Investment Banking, she was responsible for directing the operations of the Investment Bank in India. She was the Morgan Stanley representative on the Board of Directors and part of the 3 member Executive Committee responsible to the Board for the joint venture in India.

Ms. Naina Lal Kidwai holds a Bachelor of Arts Degree in Economics from Lady Shriram College, Delhi University and Master in Business Administration from Harvard Graduate School of Business Administration, Boston, USA.

The Board opines that Ms. Naina Lal Kidwai fulfils the conditions specified in the Act and the rules made thereunder and that she is independent of the management. Her association with the Company as an Independent Director would benefit the Company. The Company has received declaration stating that the criteria of Independence prescribed under Section 149 of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 is satisfied. Ms. Naina Lal Kidwai does not hold any equity shares in the Company.

Except Ms. Naina Lal Kidwai, none of the other directors or key managerial personnel of the Company or their respective relatives are concerned or interested, financially or otherwise, in the resolution set out at item no. 5 of the Notice. The Board recommends the resolution set forth in item no. 5 of the Notice for approval of the members.

ITEM NO.6

To appoint Dr. Jia Ai Zhang (Dr. Allen Zhang) as a director of the Company

The Board of Directors of the Company at its meeting held on 17th May, 2021 has appointed Dr. Jia Ai Zhang as an Additional Director of the Company in terms of Section 161 of the Companies Act, 2013 and on recommendation of the Nomination and Remuneration Committee.

Dr. Jia Ai Zhang (Dr. Allen) is a scientist with about 30 years of experience in Pharmaceutical Research & Development with more than 21 Patent applications and invention disclosures, and more than 40 publications and abstracts in peer reviewed journals to his credit. He is also a member of American Association of Pharmaceutical Scientists (AAPS), Controlled Release Society and American Chemical Society (ACS).

Dr. Allen has vast experience in generic development and NCE CMC (Chemistry, Manufacturing and Controls) development; setting up the strategic direction of Organizations in Research & Development, driving effective execution of the strategic goals for IND products, 505(b)(2), first-to-file and/or complex generic drug development; leading all technical development activities for pharmaceutical product development (solid & parenteral), analytical method development & validation, pilot plant operations, process validation, CMC Regulatory, and Clinical bioequivalent (BE) studies.

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

Dr. Allen was earlier associated with Zhejiang Huahai Pharmaceuticals as Corporate Vice President & Head of Pharmaceutical Research Institute; Frontage Labs as Corporate Vice President, General Manager, CMC Operation, China and as Chief Operating Officer of Yusongyuan Pharmaceuticals.

During 2005-2012, Dr. Allen had been associated with Novartis Pharmaceutical Corp. in various capacities including Global Technical Project Management Leader (all CMC activities), Sr. Fellow, Technical R&D; and Pharm & Anal Development-Project Management Leader.

Prior to that, Dr. Allen was associated with NeoPharm Inc., a drug delivery technology company and now merged with Insys Therapeutics, Inc. as Vice President, Pharmaceutical Development.

During 1997 to 2001, Dr. Allen was with Baxter Healthcare Corporation as Project Leader and Lead / Senior Scientist. Prior to that, he worked for Elan Corporation as Scientist for two years.

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

Dr. Jia Ai Zhang is not disqualified from being appointed as Director in terms of Section 164 of Companies Act, 2013 and he has given his consent to act as Director. Dr. Jia Ai Zhang does not hold any equity shares in the Company.

The Board recommends the passing of the resolution at Item No. 6 of the Notice as an Ordinary resolution.

None of the directors, key managerial persons or their respective relatives is interested in the resolution.

ITEM NO.7

To appoint Mr. Udo Johannes Vetter as an independent director of the Company

The Board of Directors of the Company at its meeting held on 21st July, 2021 had appointed Mr. Udo Johannes Vetter as an Independent Director, subject to the approval of the Members. Currently, Mr. Udo J Vetter is a Non-Executive Director on the Board of Directors. He is proposed to be appointed as an Independent Director of the Company for a term of five years with effect from 21st July, 2021 up to 20th July, 2026.

Mr. Udo Johannes Vetter holds a Bachelor's degree in Science (Pharmacy) from the University of Washington.

Mr. Udo J Vetter is a Member of the Executive Committee and Chairman of the Advisory Board of the Vetter Pharma Group. He is also the Chairman of the ITM Group, Germany, a Member of the Supervisory Board of Gerresheimer AG and a Member of the ISPE Board and member of GPMLF. He is currently the President of European Family Businesses (EFB).

Mr. Udo J Vetter is also the Managing Director and Founder of UV-Cap, a Private Equity Company in the Life Sciences domain.

During 1991-2003, Mr. Udo J Vetter was a Member on the Executive Management Board of Vetter Group of Companies, Germany and was the CEO of Vetter Inject GmBH & Co. KG, the technical arm of Vetter Group.

During the late Eighties, Mr. Udo Vetter was the President of a Start-up Company, Pharma-Turm Inc., Pennsylvania, USA.

Mr. Udo Vetter was the Vice-President of Licensing & Production for generic pharmaceutical manufacturer of Martec Inc., Kansas City, Missouri, USA from 1985-1988. He worked with Schering-Plough Corp., New Jersey, USA. from 1979 to 1985 in various capacities and resigned to that Company as Director of Third Party Manufacturing.

The Board opines that Mr. Udo J Vetter fulfils the conditions specified in the Act and the rules made thereunder and that he is independent of the management. His association with the Company as an Independent Director would benefit the Company. The Company has received declaration stating that the criteria of Independence prescribed under Section 149 of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 is satisfied.

Except Mr. Udo J Vetter, none of the other directors or key managerial personnel of the Company or their respective relatives are concerned or interested, financially or otherwise, in the resolution set out at item no. 7 of the Notice. The Board recommends the resolution set forth in item no. 7 of the Notice for approval of the members.

ITEMS NO. 8, 9 and 10

To consider commission on profits as remuneration to Ms. Naina Lal Kidwai, Mr. Essaji Vahanvati and Mr. Udo Johannes Vetter, Independent Directors

Pursuant to Section 149(9) and subject to the provisions of Section 197 and 198 of the Companies Act, 2013; the Company may pay remuneration by way of Profit related commission to its Independent Directors, a specified percentage of net profits of the Company. Further, it states that where the Company has a Managing Director or a Whole-time Director, then a maximum of 1% of the net profits may be paid as remuneration to its Non-Executive Directors and Independent Directors.

Pursuant to Section 197 of the Companies Act, and Regulation 17(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, prior approval of the members of the Company is required for making payment to its Independent Directors, as recommended by the Board of the Company.

As recommended by the Nomination and Remuneration Committee, the Board has approved payment of Commission on profits as remuneration to the Independent Directors, in addition to the sitting fees being payable to them for attending the Board Meetings and the Meetings of the Committees of the Board, if any. The Board recommends the passing of the resolution at Item No. 8, 9 and 10 of the Notice as Ordinary resolutions.

None of the directors (other than Ms. Naina Lal Kidwai, Mr. Essaji Vahanavati and Mr. Udo Johannes Vetter), key managerial persons or their respective relatives is interested in the resolution

ITEM NO.11

To consider revision in remuneration to Mr. C.S.N. Murthy, Independent Director

Pursuant to the special resolution passed by the Members of the Company on 29th November, 2019; consent was accorded for payment to Mr. C.S.N. Murthy, Independent Director, a commission of 0.1% on Audited Net Profits of the Company (computed in the manner provided in Section 198 and other applicable provisions of the Companies Act, 2013), subject to a maximum of INR equivalent to USD 20,000 per annum. The Nomination and Remuneration Committee has recommended to increase the maximum limit to INR 2.5 Mn per annum in addition to the sitting fees being paid.

Pursuant to Section 197 of the Companies Act, and Regulation 17(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, prior approval of the members of the Company is required for revision in remuneration to Mr. C.S.N. Murthy, Independent Director, as recommended by the Board of the Company.

The Board recommends the passing of the resolution at Item No. 11 of the Notice as an Ordinary resolution.

None of the directors (other than Mr. C.S.N. Murthy), key managerial persons or their respective relatives is interested in the resolution.

By order of the Board of Directors

Place: Hyderabad
Date: 21.07.2021

Sampath Kumar Pallerlamudi
Company Secretar

INSTRUCTIONS FOR E-VOTING

In compliance with Regulation 44 of the SEBI Listing Regulations, SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020; Sections 108, 110 and other applicable provisions of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) thereunder and MCA Circulars issued in this regard, the Company is pleased to provide remote e-voting facility to members to cast their vote on all resolutions set forth in the notice convening the 43rd Annual General Meeting (AGM) to be held on Thursday, the 26th August, 2021 at 11.00 a.m.(IST). The Company has engaged the services of National Securities Depository Limited (NSDL) for the purpose of providing remote e-voting facility to its members.

The remote e-voting facility is available at the following link: www.evoting.nsdl.com. The e-voting event number (EVEN) and period of remote e-voting are set out below:

EVEN	Commencement of remote e-voting	End of remote e-voting
116500	Monday, August 23, 2021 at 10.00 am (IST)	Wednesday, August 25, 2021 at 5.00 pm (IST)

Please read the instructions printed below before exercising your vote. The details and instructions for e-voting and participation at the AGM through VC / OAVM form an integral part of this notice of the AGM to be held on August 26, 2021.

Procedure to vote electronically using NSDL e-voting system

The way to vote electronically on NSDL e-voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to the NSDL e-voting system.

Step 2: Cast your vote electronically and join 'General Meeting' on the NSDL e-voting system.

Step 1: Access to NSDL e-voting system

A) Log-in to NSDL e-voting system

Pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/ 242 dated December 9, 2020 on "e-voting facility provided by listed companies", e-voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts/websites of depositories/DPs in order to increase the efficiency of the voting process. Individual demat account holders would be able to cast their vote without having to register again with the e-voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-voting process. Members are advised to update their mobile number and e-mail ID in their demat accounts in order to access e-voting facility.

Login method for individual members holding securities in demat mode is given below:

Type of members	Login method
Individual members holding securities in demat mode with NSDL.	**A. NSDL IDeAS facility** **If you are already registered, follow the below steps:** 1. Visit the e-services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a personal computer or on a mobile. 2. Once the home page of e-services is launched, click on the "Beneficial owner" icon under "Login" which is available under "IDeAS" section. 3. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services. 4. Click on "Access to e-voting" under e-voting services and you will be able to see e-voting page. 5. Click on options available against company name or e-voting service provider - NSDL and you will be re-directed to NSDL e-voting website for casting your vote during the remote e-voting period or joining virtual meeting and voting during the meeting. **If you are not registered, follow the below steps:** 1. Option to register is available at https://eservices.nsdl.com 2. Select "**Register Online for IDeA**S" portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Please follow steps given in points 1-5 above.

Type of members	Login method
	B. E-voting website of NSDL. 1. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a personal computer or on a mobile. 2. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. 3. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a verification code as shown on the screen. 4. After successful authentication, you will be redirected to NSDL depository site wherein you can see e-voting page. Click on options available against company name or e-voting service provider - NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting and voting during the meeting.
Individual members holding securities in demat mode with CDSL	1. Existing users who have opted for Easi/Easiest, they can login through their User ID and Password. Option will be made available to reach e- voting page without any further authentication. The URL for users to login to Easi/Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the e-voting menu. The menu will have links of e-voting service provider i.e. NSDL. Click on NSDL to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at the link given here: https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access the e-voting page by providing demat account number and PAN no. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered mobile and e-mail as recorded in the demat account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where e-voting is in progress.
Individual members (holding securities in demat mode) login through their depository participants	1. You can also login using the login credentials of your demat account through your depository participant registered with NSDL/CDSL for e- voting facility. 2. Once logged in, you will be able to see the e- voting option. Once you click on the e-voting option, you will be redirected to the NSDL/CDSL depository site after successful authentication, wherein you can see e-voting feature. 3. Click on options available against company name or e-voting service provider-NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e- voting period or joining virtual meeting and voting during the meeting.

Important note: Members who are unable to retrieve User ID/Password are advised to use forget User ID and forget Password option available at respective websites.

Helpdesk for individual members holding securities in demat mode for any technical issues related to login through depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual members holding securities in demat mode with NSDL	Please contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual members holding securities in demat mode with CDSL	Please contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542 43

B) Login method for e-voting and joining virtual meeting for members other than individual members holding securities in demat mode and members holding securities in physical mode.

How to login to the NSDL e-voting website?

1. Visit the e-voting website of NSDL. Open a web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a personal computer or on a mobile.
2. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a verification code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can login to https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your login credentials, click on e-voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For members who hold shares in a demat account with NSDL	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For members who hold shares in demat account with CDSL	16 Digit Beneficiary ID. For example if your Beneficiary ID is 12************** then your User ID is 12**************
c) For members holding shares in physical form.	EVEN number followed by folio no. registered with the company. For example if folio no. is 001*** and EVEN is 123456 then User ID is 123456001***

5. Password details for members other than individual members are given below:
   a. If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
   b. If you are using the NSDL e-voting system for the first time, you will need to retrieve the 'initial password'. Details of 'initial password' is given in point c. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
   c. How to retrieve your 'initial password'?
      (i) If your e-mail ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your e-mail ID. Trace the e-mail sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file.
      (ii) The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio no. for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
      (iii) If your e-mail ID is not registered, please follow steps mentioned below in "process for those members whose e-mail IDs are not registered".
6. If you are unable to retrieve or have not received the "initial password" or have forgotten your password:
   a. Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
   b. Physical User Reset Password? (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
   c. If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio no., your PAN, your name and your registered address, etc.
   d. Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.
7. After entering your password, tick on agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on the "Login" button
9. After you click on the "Login" button, home page of e-voting will open.

Step 2: How to cast your vote electronically on the NSDL e-voting system

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and general meeting is in active status.

2. Select "EVEN" of Gland Pharma Limited to cast your vote during the remote e-voting period/during the general meeting. For joining a virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".

3. Now you are ready for e-voting as the voting page opens.

4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

Process for those members whose e-mail IDs are not registered with the depositories/company for procuring User ID and Password and registration of e-mail IDs for e-voting for the resolutions set out in this notice:

a) In case shares are held in physical mode please provide folio no., name of member, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), Aadhar (self-attested scanned copy of Aadhar card) by e-mail to investors@glandpharma.com or rnt.helpdesk@linkintime.co.in.

b) In case shares are held in demat mode, please provide DP ID & Client ID (16 digit DP ID & Client ID or 16 digit beneficiary ID), name, client master or copy of consolidated account statement, PAN (self attested scanned copy of PAN card), Aadhar (self-attested scanned copy of Aadhar card) to investors@glandpharma.com. If you are an individual member holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. login method for e-voting and joining virtual meeting for individual members holding securities in demat mode.

c) Alternatively, members may send a request to evoting@nsdl.co.in for procuring User ID and Password for e-voting by providing above mentioned documents.

d) In terms of SEBI circular dated December 9, 2020 on e-voting facility provided by listed companies, individual members holding securities in demat mode are allowed to vote through their demat account maintained with depositories and depository participants. Members are required to update their mobile number and e-mail ID correctly in their demat account in order to access e-voting facility.

General instructions

a) The remote e-voting period commences on Monday, August 23, 2021, (10.00 am IST) and ends on Wednesday, August 25, 2021, (5.00 pm IST). During this period, members of the company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Thursday, August 19, 2021, may cast their votes electronically. The remote e-voting module shall be disabled by NSDL for voting hereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently or cast the vote again.

b) Any person, who acquires shares of the company and becomes a member of the company after dispatch of the notice of AGM and holds shares as on the cut-off date i.e. Thursday, August 19, 2021 may obtain user ID and password by sending a request at evoting@nsdl.co.in. However, if you are already registered with NSDL for e-voting, then you can use your existing User ID and Password for casting your vote. If you forget your password, you can reset the password by using 'forgot User details/Password?' or 'physical user reset password?' option available on www.evoting.nsdl.com or contact NSDL at the following toll free nos.: 1800-1020-990/1800-224-430.

c) The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

d) The facility for voting through electronic voting system shall be made available during the AGM and only those members, who will be 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 in the AGM.

e) The voting rights of members shall be in proportion to the shares held by them, of the paid-up equity share capital of the company as on the cut-off date of Thursday, August 19, 2021.

f) The Board of Directors of the Company has appointed Mrs. D. Soumya, Practicing Company Secretary and failing her, Mr. G.V.S. Ravi Kumar, Practicing Company Secretary as the Scrutinizer to scrutinize the voting through electronic means during AGM and remote e-voting process in a fair and transparent manner.

g) At the AGM, at the end of discussion on the resolutions on which voting is to be held, the chairman shall, with the assistance of scrutinizer, order voting through electronic means for all those members who are present at the AGM through VC/OAVM but have not cast their votes electronically using the remote e-voting facility.

h) Immediately after the conclusion of voting at the AGM, the scrutinizer shall first count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company. The scrutinizer shall prepare a consolidated scrutinizer's report of the total votes cast in favor or against, if any, not later than forty eight hours after the conclusion of the AGM. This report shall be made to the chairman or any other person authorized by the chairman, who shall declare the result of the voting forthwith.

i) The voting results declared along with the scrutinizer's report shall be placed on the company's website www.glandpharma.com and the website of NSDL immediately after the declaration of the result by the chairman or a person authorized by the chairman. The results shall also be immediately forwarded to the BSE Limited, and National Stock Exchange of India Limited.

j) Institutional members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG format) of the relevant board resolution/authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the scrutinizer by e-mail to mail@csrvrassociates.com with a copy marked to evoting@nsdl.co.in

k) It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot User Details/Password?' or 'Physical User Reset Password' option available on www.evoting.nsdl.com to reset the password.

l) In case of any queries, you may refer to the frequently asked questions (FAQs) and e-voting user manual, available at downloads section of www.evoting.nsdl.com or call on toll free nos.: 1800-1020-990/1800-224-430. You can also refer your queries to NSDL through e-mail ID: evoting@nsdl.co.in

INSTRUCTIONS FOR MEMBERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-voting system. Members may access by following the steps mentioned above for access to NSDL e-voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join General meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of company will be displayed. Please note that the members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in this notice to avoid last minute rush.

2. Members are encouraged to join the meeting through laptops instead of mobiles for better experience.

3. Further members will be required to allow camera usage on their systems and use a good speed internet to avoid any disturbance during the meeting.

4. Please note that participants connecting through mobile devices or tablets or laptop, 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.

5. Members who would like to express their views/ask questions during the meeting need to register themselves as a speaker by sending their request mentioning their name, demat account number/folio no., e-mail ID and mobile number at investors@glandpharma.com on or before August 20, 2021, (5:00 pm IST).

6. Those members who have registered themselves as speakers in advance will only be allowed to express their views/ask questions during the meeting.

7. The company reserves the right to limit the number of speakers depending on the availability of time at the AGM.

8. In case any assistance is needed, members may contact: a. Mr. Amit Vishal, Assistant Vice President, NSDL at evoting@nsdl.co.in or call on toll free nos.: 1800-1020-990/1800-224-430

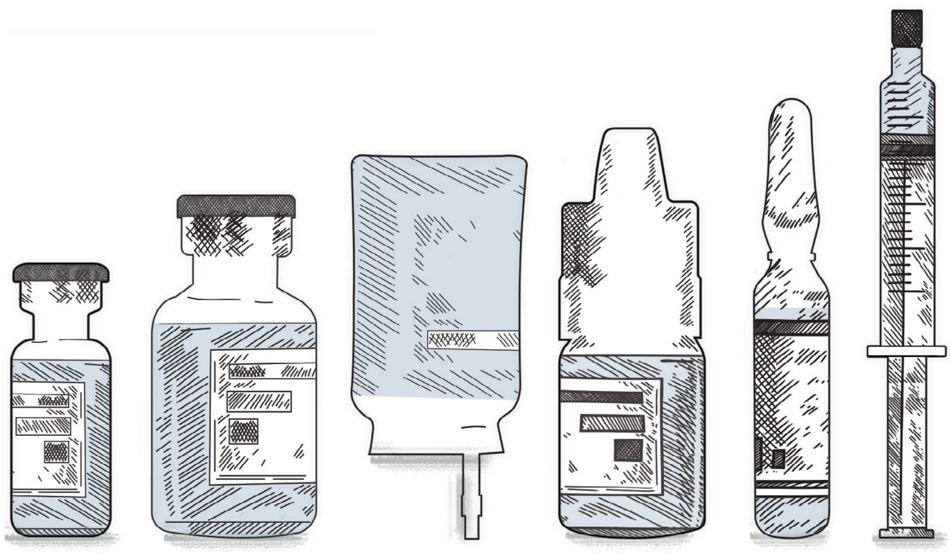
9. Ms. Pallavi Mhatre, Manager, NSDL at evoting@nsdl.co.in or call on toll free nos.: 1800-1020-990/1800-224-430

10. NSDL at evoting@nsdl.co.in or at toll free nos.: 1800-1020-990/1800-224-430.

Charting new frontiers of growth

Annual Report 2020-21

GLAND PHARMA LIMITED



ABOUT THE REPORT

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

For the online version of the Annual Report please log on to
https://glandpharma.com/investors/investors_annual_report

reporting FRAMEWORK

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

the report discusses 6 CAPITALS

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

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

REPORTING SCOPE AND PERIOD

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

The Annual Report considers the primary reporting period as April 01, 2020 to March 31, 2021. However, some of the sections of the report represent facts and figures of previous years and subsequent period to provide a comprehensive view to the stakeholders.

ASSURANCE

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

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

Forward-looking statements

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

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feedback

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

Email
investors@glandpharma.com

Website
www.glandpharma.com

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OUR INHERENT CAPACITY TO CAPITALISE ON EMERGING OPPORTUNITIES CONTINUES TO PAVE THE WAY FOR A BRIGHTER FUTURE.

The capability to prosper amid altered circumstances define our core competencies and reflect our aspirations to fulfil organisational objectives.

We are a global injectables player with a single-minded focus on fulfilling diverse patient needs. In our continuous efforts to create value for patients, we are consistently improving our processes to deliver quality products. We are also expanding our R&D capabilities, improving our manufacturing facilities and foraying into diverse markets with a wide variety of products.

As our aim is to have a differentiated position in the industry, we are constantly challenging our limits and charting new frontiers of growth.

introducing GLAND PHARMA

Established in 1978, **Gland Pharma** is one of the largest and fastest growing, generic injectable-focused companies.

We have a successful track record of operating a robust B2B model, catering to the diverse injectable needs of global pharmaceutical companies. Our B2B model covers IP-led, technology transfer and contract manufacturing models. In addition, our B2C model is largely focused on Indian markets, where our products are primarily marketed and sold to end-consumers, such as hospitals, nursing homes and government facilities.

We value our ability to constantly deliver high-quality products. We have established our credentials as a reliable injectable development and manufacturing company. We ensure a steady supply of affordable and quality medicine, with a commitment to make a difference in the peoples' lives. Over the years, we have made substantial investments in our manufacturing infrastructure to support our product portfolio. We have also significantly improved our R&D capabilities to consistently deliver sterile injectables and ophthalmic products. At present, we have eight manufacturing facilities – consisting of four formulation and four API facilities.

4 Finished Formulation Facilities

4 API Facilities

767 million units of Finished Formulation Capacity

11,000 KG of Drug Substance (API)

40+ Years of experience

3961 Employees as on March 31, 2021

528 Women Employees as on March 31, 2021

our guiding PRINCIPLES

Efficacy

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

Excellence

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

Ethics

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

Letter from the MD & CEO

> Our focus over the last four decades on building a quality first injectable company with a broad product portfolio and a differentiated business model has ensured sustained growth over the years.

Dear Shareholder,

It gives me immense pleasure to present you our first annual report post listing of your Company on the Indian stock exchanges (NSE and BSE) on November 20, 2020. This has been a landmark year for us, with your Company debuting on the exchanges. I would first and foremost, thank all our investors for the invaluable trust you have shown in us. We assure you of our commitment and dedication towards value creation in our journey forward.

Review of FY 2020-21

The year gone by was an unprecedented year, with the world seeing a health and economic crisis like never before. Most countries across the globe closed their borders and were forced to curtail economic activity to control the spread of the COVID-19 virus deeply affecting the people as well as businesses.

Most of the economies around the globe contracted, with the world economy contracting by 3.4% in 2020. The extent of the impact varied across major developed and emerging economies, but all of them saw a contraction in growth.

Apart from having a widespread impact on the economy, the lockdown induced by the pandemic also affected the supply chain, raw material availability and demand mix for the pharmaceutical industry, including your Company. Due to the pandemic we had to accelerate adoption of technologies and other innovations to build a robust supply chain to make our business more resilient. In spite of the several challenges, we have been able to deliver a robust performance, backed by our resilient business model, diversified product portfolio and unwavering dedication of our team.

Business Overview

We are in the business of saving lives and true to this philosophy, our teams exhibited extraordinary dedication to help combat challenges posed by COVID-19. In order to maintain a continuous production and supply of critical medicines, our employees worked above and beyond the call of duty, working uninterruptedly to coordinate and get necessary timely regulatory approvals, while prioritising COVID-19 related customer orders. Continuous focus was given to maintain supply of medicines such as Enoxaparin, Rocuronium, Cis-atracurium and Atracurium, which are critical for COVID-19 patients. The teams took proactive measures, working with our suppliers to maintain a comfortable stock level of inventory to address any unforeseen future shortages due to increased patients' requirements. We have also started the manufacturing Remdesivir and supplied around 1.68 million vials in FY 2020-21.

Financial Performance

Despite challenges, not least the impact of the pandemic as well as other macroeconomic factors, our teams remained strong, productive and committed to our customers, delivering exemplary performance. In consensus with our long-term growth trajectory, your Company's revenue continued to show a strong growth of 32% to ₹ 34,629 million in FY 2020-21.

Our focus over the last four decades on building a quality first injectable company with a broad product portfolio and a differentiated business model has ensured sustained growth over the years. During the year our EBITDA and PAT for the fiscal stood at ₹ 14,370 million and ₹ 9,970 million, respectively. We saw a healthy growth in margins with our EBITDA margin rising to 40% in FY 2020-21, over 39% in FY 2019-20. Similarly, our PAT margin impressively stood at 28% in FY 2020-21, in line with that in FY 2019-20. Going forward, we will strive to maintain our margins on the foundation of a strategic blueprint for growth.

Strategic Overview

Our ability to respond to changing market demand during COVID-19 was visible, as we have registered growth in markets across the globe. We have continued our growth in regulated markets like North America, Europe and Australia on the back of new launches and volume growth in the existing portfolio supported by an increased capacity. In the domestic market also, the growth was driven by strong demand of our existing product portfolio, and new product launches. We have launched 47 product SKUs of 28 molecules during the year and the key launches for the year were Micafungin, Ziprasidone, Bivalirudin RTU and Olapatadine Ophthalmic (OTC). Our strategy of geographic expansion into emerging markets such as Singapore, Israel, Saudi Arabia and

CIS countries through our new partners also showed promising results. Our Rest of the world business grew rapidly at 136% y-o-y, accounting for 16% of our revenue in FY 2020-21. We expect to further strengthen our presence in the global markets, with multiple product launches scheduled in the coming fiscal.

Charting New Frontiers of Growth

We continue to invest in R&D as we believe it is core to building a sustainable business. In FY 2020-21, total R&D expenditure was ₹ 1,220 million, which is nearly 3.5% of our revenue from operations. We have identified certain niche capabilities that need to be built on both the development and manufacturing front, towards which we are adding resources internally as well as evaluating external targets. As of March 31, 2021, we along with our partners had 284 ANDA filings in the US, of which 234 were approved and 50 were pending approval.

In concurrence with our long-term strategy, we have always been focused on strengthening our backward integration process. Today, we have a strong presence in key APIs used in our products. We continue to expand our API facilities to reduce dependence on external sourcing and protect us from cost volatility. With this approach we are confident to have more quality control in the process.

We are also exploring M&A opportunities to acquire companies, products and technologies that will add to our capabilities and technical expertise. We plan to acquire capabilities to strengthen product and technology infrastructure, such as long acting injectables, steroidal hormonal products, suspensions, anti-neoplastics and, nasal and inhalation products. We are also looking at niche API suppliers with complementary capabilities, especially in fermentation technology, corticosteroid APIs and hormonal APIs. Geographically, USA continues to be our primary market and we are looking at inorganic routes to enter the Controlled Substances market in the country, which is otherwise restricted. We are looking for assets that fit our strategy and culture, especially in terms of quality standards.

While we focus on building our operational capabilities, quality compliance is of utmost importance. Our stringent quality controls are designed to facilitate flexibility in our production process and deliver consistent product quality. While our quality team focuses on maintaining the quality standards required by regulatory authorities, they continuously invest in technologies to improve quality processes to provide the best quality product for patients. It gives me immense pride for being recognised as a quality manufacturer, having a clean record with major regulatory authorities over the years.

Above everything else, what stands out and what will also help us, going forward, are our culture and values, anchored in our long-term strategic objectives. We continue to leverage the strengths of our parent company, Fosun Pharma, to mobilise our resources and act quickly in the most unusual circumstances. Fostering our ties with Fosun Pharma, we are taking strides to penetrate in an otherwise difficult market of China, where we have already made six product filings and are also developing China-specific products.

Our agreement to manufacture Sputnik V vaccine of Russian Direct Investment Fund (RDIF) only validates our unique competencies. Enthused by the robust demand across product segments, we plan to continue investing in creating infrastructure in the vaccine and bio-similar space. Cost competitiveness, improving efficiencies and increasing speed-to-market will always remain our priorities.

Going forward, our market leadership will be clearly driven by delivering sustained high margins and strong performance across key financial metrics.

Our growth strategy includes both organic and inorganic plans. We are establishing capabilities in niche technologies like LAIs, Suspensions, Hormones, Peptides, both on development and manufacturing. Our inorganic growth plans are focused on acquiring new technologies, strengthening vertical integration and also growing by way of geographic expansion, which are part of our long-term growth strategy.

Strategic Efforts

In the post-pandemic environment, we are even more outcome focused and are working towards actionable work streams on four broad pillars:

1. Re-grouping and Consolidation by transferring and sharing of resources, expertise and assets across all manufacturing locations. This will enable us to operate a lean, flexible and effective organisation.
2. Diversification of Product Portfolio
3. Streamlining of our Human Capital
4. Effective and Efficient Manufacturing

I am humbled by the dedication and commitment of our employees who have swiftly adapted to the changing requirements with the onset of COVID-19. With their support, we have weathered the pandemic and found out ways of delivering on our promises to our stakeholders. I would like to take this opportunity to acknowledge their hard work and wish them continued success and growth with the Company.

Social Commitments

We also take pride in the efforts dedicated towards serving the community by providing Education, Good Health, Safety, Conservation of Environment, Eco-Systems and Natural Resources. Your Company launched free breakfast programme to ~ 9,100 children of 66 government run schools in association with the Akshaya Patra Foundation. We are also working towards development of needed infrastructure like classrooms, toilets, drinking water facilities, and kitchens for preparation of mid-day meals for the government schools in our neighbourhood. There has been dedicated efforts in improving the health of the community by contributing towards the health plan for socio-economically challenged children and supporting the eye care programme for the underprivileged and elderly. There are plans to set up RO plants in villages around our facilities, to improve drinking water quality.

Road Ahead

As we look ahead now from a position of strength, we need to raise our bar higher for the coming years. The future beckons us with limitless possibilities, holding out promising opportunities that lie behind the challenges that might confront us.

Motivated by a collective vision, we must march ahead to build a brighter tomorrow. We must adapt to new and uncertain market conditions, and keep revisiting our strategies ahead of the competition. We are today where our ideas have brought us. We will be tomorrow where they will take us.

Finally on behalf of the Board, I would like to thank every stakeholder of Gland Pharma for their efforts, contributions and continued support, especially the new shareholders for their trust and confidence in us. Your support goes a long way in inspiring us to deliver business excellence and a strong financial performance. We look forward for your continued support in the future as well.

With regards

S. Srinivas

Srinivas Sadu
MD & CEO

global EXPANSION

We are strategically consolidating and maintaining sustainable growth in our core markets, while consistently foraying into new geographies to augment future growth.

In the last few years, we have seen a robust growth in our core markets of USA, Canada, Europe, Australia and India. In accordance with our future global expansion plans, we are augmenting our presence as a leading generic injectable manufacturer in key markets.

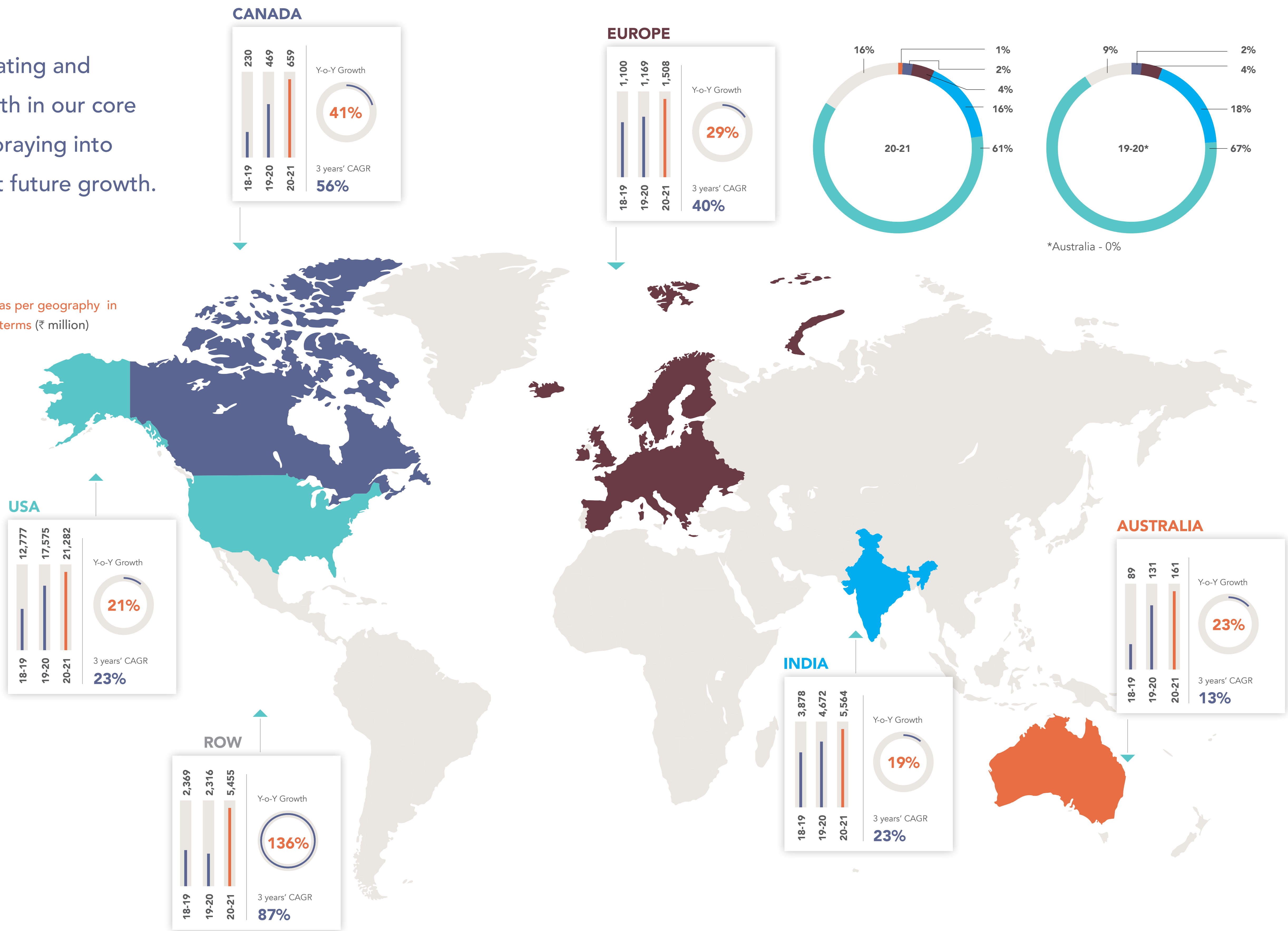
At the same time, we are also strategically focusing on expanding our presence in 'Rest of the World' (ROW) markets to further fortify our position globally. We have seen promising response from the markets we recently entered, including Singapore, Israel, Saudi Arabia and CIS countries. We intend to enter the China market, leveraging the credentials of our parent company, Fosun Pharma.

Exports to

60+ **Countries**

84% **Share of revenue from international markets in FY 2020-21**

Revenue as per geography in absolute terms (₹ million)



enduring PARTNERSHIPS

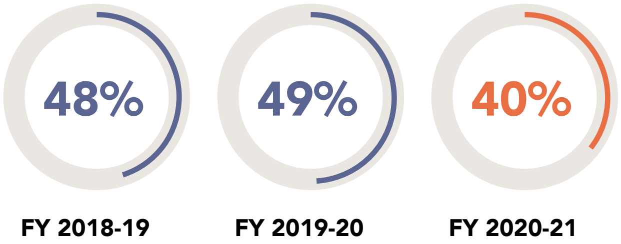
We are committed to make high quality and affordable injectables easily available to our partners, to ensure faster delivery of medication to patients across the world.

We are a global leader offering solutions, in collaboration with our partners, that transform peoples' lives. Over the years, we have been supplying quality products across global markets.

Staying true to our strengths, our products are endorsed by leading pharmaceutical companies. We have built a strong relationship with them, becoming their reliable and trusted partners of choice.

Customer Diversity

Top 5 Customers' Contribution



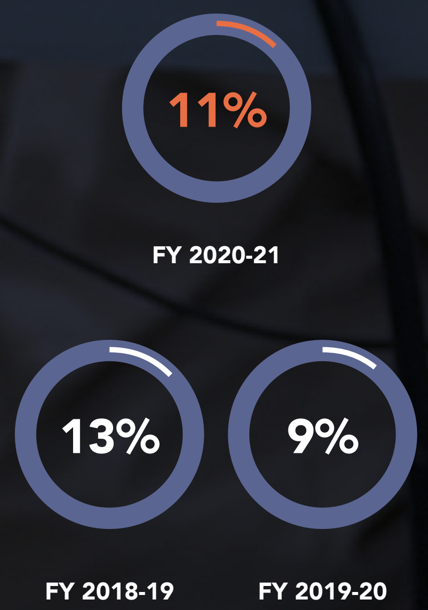
research FOR LIFE

We believe that our methodical approach in selecting the right molecules, which involves evaluation of technical and commercial feasibility, with timely customer feedback has produced encouraging results.

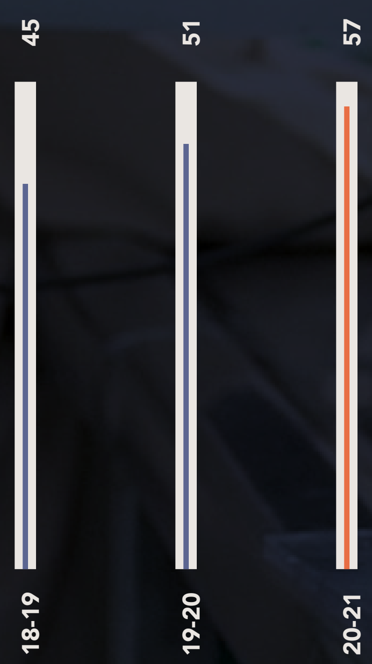
Product Revenue Contribution

Revenue contribution from new launches (₹ million)

Revenue contribution from new launches as a percentage of revenue

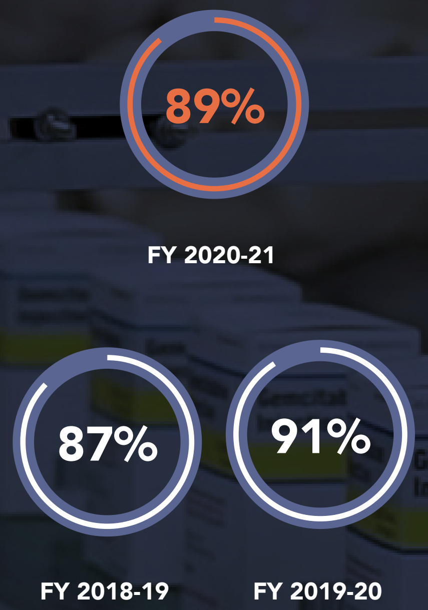


Number of new product SKUs launched



Revenue contribution from existing products

Revenue contribution from existing product as a percentage of revenue



our value creation MODEL

We operate in a competitive and highly-regulated industry. Our diversified portfolio allows us to respond to the opportunities and risks we face, while delivering value for all our stakeholders.

The drivers of our six capitals act as inputs that enable us to implement our long-term business strategies

Financial Capital
- **₹ 164** million Equity
- **ZERO** Long-term Bank Borrowing
- **₹ 59,032** million Net worth

(refer Pg 22)

Manufacturing Capital
- **4** Formulation plants
- **4** API plants
- **₹ 14,296** million Gross block

(refer Pg 24)

Intellectual Capital
- **Trusted** Brand name
- **Focused** therapeutic product line
- **Strong** regulatory filing pipeline
- **268** R&D team
- **1,191** Quality Control and Quality Assurance team
- **₹ 1,220** million R&D Spend

(refer Pg 30)

Human Capital
- **3,961** Employees
- **₹ 3,114** million Spend on employee benefit expense

(refer Pg 36)

Social & Relationship Capital
- **₹ 144** million CSR spend
- **Global** Customers
- **86,346** Shareholders
- **Stable** Vendors

(refer Pg 40)

Natural Capital
- **411,604** KL of Water consumed
- **78 million KVAH** Energy consumed

(refer Pg 48)

We create value through integrated chain of operations, providing us a competitive edge and limiting any possible risks to our business

Product development
- Patient needs
- Product development, filing and approvals

Manufacturing and supply chain operations
- API manufacturing
- Formulation
- Distribution

Sales
- B2B
- B2C

Therapeutic areas:
- Anti-diabetic
- Anti-infective
- Anti-malarials
- Anti-neoplastics (Oncology)
- Blood-related
- Cardiac
- Gastrointestinal
- Hormones
- Neurological and Central Nervous System
- Ophthalmics and Otologicals
- Pain, neuro-muscular blocking agents and analgesics
- Respiratory
- Vitamins, minerals, and nutrients

Delivery Systems
- Liquid vials
- Lyophilized vials
- Prefilled syringes
- Ampoules
- Bags
- Ophthalmics

B2B (Global)
1. B2B – IP-led
   - Own Filing
   - Partner Filing
2. B2B – Tech Transfer
3. B2B CMO

Outcomes that create long-term value

Financial Capital
- **₹ 34,629** million Revenues
- **₹ 14,370** million EBITDA
- **₹ 9,970** million PAT
- **40%** EBITDA margin
- **28%** PAT margin
- **₹ 405,432** million Market capitalisation

Manufacturing Capital
- **193** million Units
- **6** Delivery systems

USFDA COMPLIANT SINCE 2003

Intellectual Capital
- **15** Therapeutic areas
- **21** ANDAs filed
- **32** ANDAs approved
- **5** DMFs filed
- **57** New product launches
- **26** Audits (including customer audits, and audit conducted virtually)

Human Capital
- **10,238** Man-hours of EHS training
- **85%** Retention rate
- **13%** Diversity ratio
- **Continuous** Skill development
- **₹ 9** million Average revenue per employee

Social & Relationship Capital
- **14** Programs conducted

Natural Capital
- **Bio** Waste management
- **400 KLD** Water recycled
- **11%** Reduction in water consumption

Key factors

Stakeholder expectations and engagement

(refer Pg 20)

Robust governance framework

(refer Pg 60)

Macro-economic and sectoral environment

(refer Pg 50)

Values that drive us: Commitment to Quality — Innovation — Customer Responsiveness — Safety — Teamwork — Integrity & Transparency — Social Responsibility

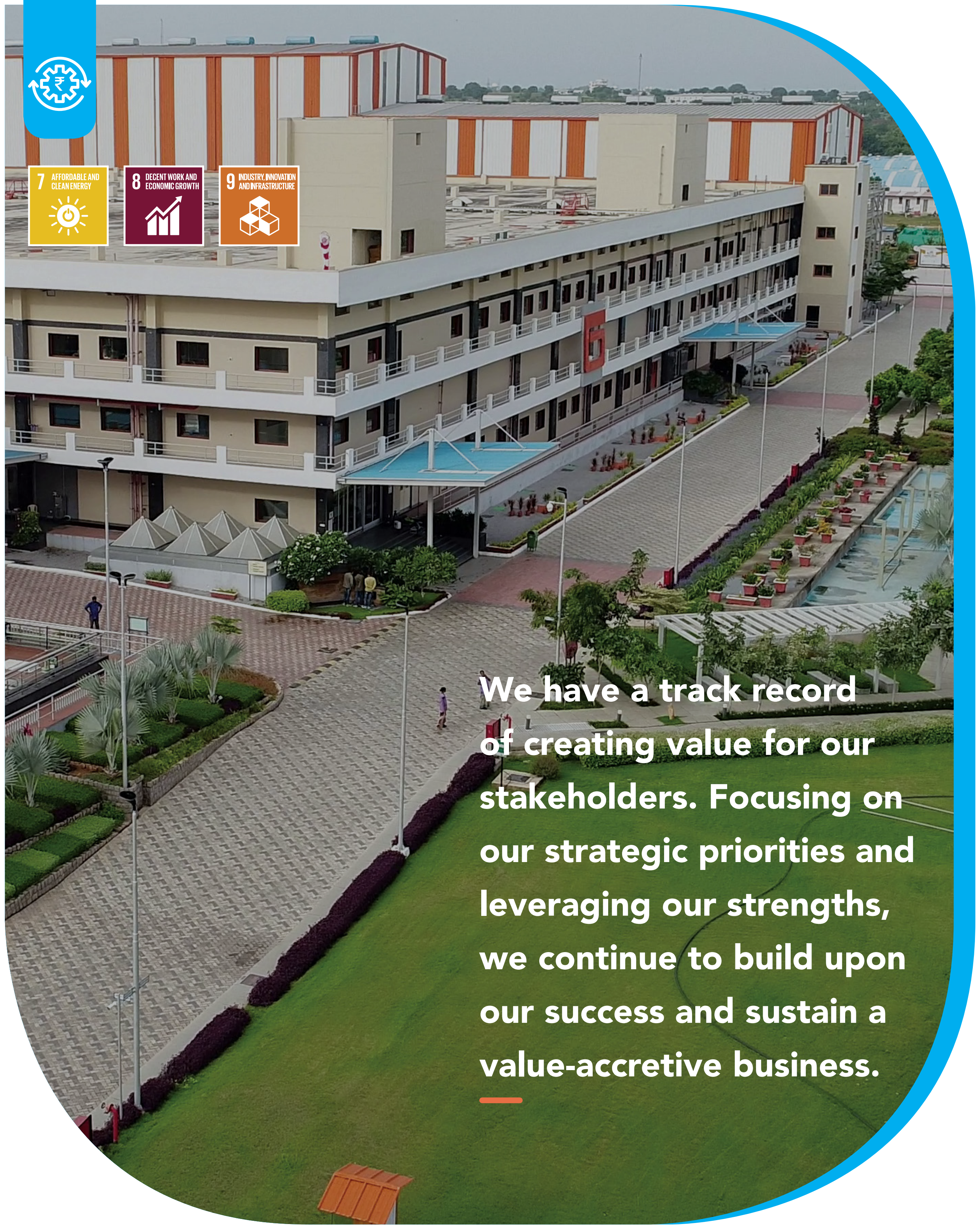
stakeholder expectations AND ENGAGEMENT

Engaging with our stakeholders, understanding and fulfilling their aspirations has always been a priority for us.

To nurture a sustainable business, we seek to continuously engage with all our stakeholders and identify their needs.

	Why are they important?	Expectations	Means of Engagement	Capital Linkage
Regulatory Bodies and Government	They enforce policies that have direct or indirect impact on long-term operation.	◆ Generation of employment ◆ Compliance with industry regulations and norms ◆ Proper disclosure of business activities	◆ Annual and Quarterly Compliance reports ◆ Timely payment of taxes and levies ◆ Adherence to environmental laws ◆ Conduct regular financial and statutory audits	Relationship Capital Financial Capital
B2B (Pharma companies, Marketing partners)	Our B2B business model allows us to leverage our relationship with customers to efficiently reach end-users.	◆ On time supply of quality products ◆ Adherence to regulatory requirements	◆ Regular visits and meetings ◆ Customer satisfaction surveys	Intellectual Capital Relationship Capital
B2C (Hospitals, Distributors & Government facilities)	We operate a B2C business model in India for effective accessibility, distribution and supply of medicines, as per patient's needs.	◆ Quality service ◆ On time delivery ◆ Ethical and factual information dissemination	◆ Regular visits and meetings ◆ Customer satisfaction surveys	Intellectual Capital Relationship Capital
Business Partners (C&F Agents, Vendors, Suppliers, Bankers)	We rely on our business partners for branding, reputation, ensuring effective delivery of products and operational leverage.	◆ Fair trade practices ◆ Timely payments ◆ Mutually beneficial relationships	◆ Regular structured meetings ◆ Supplier audits and visits	Financial Capital Relationship Capital Natural Capital Manufacturing Capital
Investors and Promoters (Domestic and International)	Our shareholders remain integral to our business.	◆ Strong balance sheet ◆ Effective risk management ◆ Growth in Return on Investment ◆ Timely dissemination of information	◆ Annual reports ◆ Online updates ◆ Investor meetings ◆ Press conferences ◆ Annual general meetings	Financial Capital
Employees (Permanent and Contractual)	Our people bring advanced skills and knowledge to help achieve growth plans and strategies.	◆ Timely payment of remuneration ◆ Performance evaluation ◆ Diverse, safe and healthy environment ◆ Rewards and recognitions	◆ Internal talent review ◆ Regular updates through internal communication and email ◆ Ongoing training and development programmes	Human Capital
Communities	Our CSR initiatives act as an impetus for creating value for communities at large.	◆ Ethical and environment friendly practices ◆ Uplifting local communities	◆ Regular interaction through CSR programmes ◆ Partnership with NGOs to provide support ◆ Other initiatives to reduce environmental footprint	Social & Relationship Capital

financial CAPITAL



We have a track record of creating value for our stakeholders. Focusing on our strategic priorities and leveraging our strengths, we continue to build upon our success and sustain a value-accretive business.

We aim to achieve industry-leading growth through efficient investments in our business. To consistently fulfil organisational objectives, we strive to deliver robust financial performances that enhance our capacity to further strengthen our foothold in the industry.

Key Figures

Profit and Loss Metrics

Metric	18-19	19-20	20-21	Y-o-Y Growth (FY'21)	3 years' CAGR
Income from operations (₹ million)	20,442	26,332	34,629	32%	29%
Gross Profit ((₹ million)	11,872	15,312	19,710	29%	27%
EBITDA (₹ million)	7,919	10,946	14,370	31%	35%
PAT (₹ million)	4,519	7,729	9,970	29%	46%

Balance Sheet Metrics

Metric	18-19	19-20	20-21	Y-o-Y Growth	3 years' CAGR
Total Assets (₹ million)	35,226	40,860	64,961	59% (FY'21)	30%
Net Worth (₹ million)	28,621	36,462	59,032	62% (March'21)	35%

manufacturing CAPITAL

Adhering to world-class standards, our integrated manufacturing facilities enable us to produce affordable and superior quality medicines. As a customer-focused business, we are enhancing capacities and leveraging economies of scale to ensure access to critical medicines.

Finished Formulation Facilities

3 Hyderabad **1** Visakhapatnam

API Facilities

2 Hyderabad **2** Visakhapatnam

Business Overview

	B2B (Global)				B2C (India)
	B2B – IP Led		B2B Tech Transfer*	B2B CMO	B2C
	Own Filing	Partner Filing			
Overview	▪ Out-license to marketing partners ▪ Long-term product supply contracts		▪ Co-development with partner ▪ Manufacturing by Gland	▪ Fill and finish service ▪ Loan and license agreements	▪ Direct marketing of products
Revenue Model	▪ License and milestone payments ▪ Selling price per unit dose + Profit share		▪ Tech transfer fee ▪ Selling price per unit dose + Royalty	▪ Fixed per unit price	▪ Direct sale of products
ANDA Ownership	√	x	x	x	√
IP Ownership	√	Co-owned	x	x	√

*Under Tech Transfer model, exhibit batches and stability studies are performed by Gland Pharma.

Our core strengths

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

Finished Formulation Facilities

We have four finished formulation facilities, including two sterile injectables facilities, one dedicated Penems facility and one dedicated Oncology facility. Our manufacturing processes are designed to facilitate maximum production flexibility, while maintaining the highest standards of quality, consistently.

23 **Production Lines**

767 **million units** **Finished Formulation Capacity**

Our production lines possess the flexibility to accommodate different product requirements without the need to install new production lines. This allows us to quickly adapt to changes in product specifications, market demand and production requirements. Our Facilities have a consistent track record of regulatory compliance and it enables us to mitigate exposure to regulatory risks. Through strategic efforts, we ensure regular supply of products and acquire approvals for manufacturing our key products.

Facility	Location	Capacity (in million Units/annum)	Formulation Delivery Formats	Capacity (Lines)	Key Regulatory Approval
Sterile Injectables	Dundigal, Hyderabad, India	458	Liquid Vials	6	USFDA (US), MHRA (UK), ANVISA (Brazil), TGA (Australia), BGV Hamburg (Germany)
			Lyophilizers		
			Ampoules	1	
			Pre-filled Syringes	2	
			Bags	2	
			Ophthalmics	1	
Sterile Injectables	Pashamylaram, Hyderabad, India	282	Liquid Vials	3	USFDA (US), GUB Munich (Germany)
			Lyophilizers		
			Ampoules	2	
			Pre-filled Syringes	1	
Penems	Pashamylaram, Hyderabad, India	11	Vials (Lyophilizers)	1	USFDA (US)
			Dry Powder	1	
Oncology	Visakhapatnam, India	16	Liquid Vials	3	USFDA (US), AGES (Austria), TGA (Australia)
			Lyophilizers		
			Total	**23**	

API Facilities

Our ability to manufacture APIs enhances our vertical integration strategy, particularly for difficult to source APIs, giving us better control of the supply chain and enhanced cost efficiencies. We have several ANDAs which are vertically integrated, coupled with a substantial portion of our pipeline supported by our in-house APIs.

32 **ANDAs supported by in-house APIs**

Location
Dundigal, Hyderabad, India

R&D pilot plant for development and lab scale manufacturing

Key Regulatory Approval
USFDA (US), MHRA (UK), ANVISA (Brazil), TGA (Australia), BGV Hamburg (Germany)

Location
Hyderabad, India

Biotech drug substance facility for vaccine and Bio-similars

Location
Visakhapatnam, India

CAPACITY
3,000 kg/year

Key Regulatory Approval
USFDA (US), ANVISA (Brazil)

Location
Visakhapatnam, India

CAPACITY
8,000 kg/year

Key Regulatory Approval
USFDA (US), DMA (Denmark)

Quality First

We place utmost importance on maintaining the standard of our products. In addition to quality assurance and quality control at our manufacturing facilities, we have established a three-pronged quality standard plan.

Quality Improvement

We have implemented multiple automation systems for quality control at all our manufacturing locations. We continually strive to improve our quality standards through the implementation of site specific quality teams that enable information sharing across sites and from external sources. Across the organisation, we monitor key quality performance indicators, act on market complaints, out-of-specification results, deviations and batch rejections.

Corporate Quality Establishment

We have a corporate reporting structure, with specific roles and responsibilities to identify and develop our standard operating procedures, create harmony among organisational procedures and implement action plans. We also aim to concentrate on regulatory findings during inspections and strengthen procedures and documentation.

Internal Quality Audits

We conduct quarterly internal audits across all our manufacturing facilities, in addition to the regular customer audit and regulatory agency audits. These audits thoroughly scrutinise our compliance with quality systems and procedures. We also work under the supervision and guidance of external consultants, across our facilities.

Way Ahead

~ ₹ 7,700 million

Planned capex in FY 2021-22 and FY 2022-23

Ongoing Capacity Expansion

- Adding new lines at our Pashamylaram facility
- Capacity expansion of Visakhapatnam API plant with the addition of new block
- Acquisition and expansion of Biotech Drug Substance plant

Inorganic Growth Strategies

intellectual CAPITAL

Leveraging our world-class infrastructure, state-of-the-art laboratories and a robust R&D team, we are relentlessly improving our capabilities and laying the foundation for sustainable growth. We are also strengthening our portfolio of high-quality and affordable medicines with the inherent capacity of our intellectual capital.

As the pharmaceutical industry continues to undergo rapid technological advancements, we are upgrading our R&D facilities to achieve better outcomes. Moreover, to retain our position as a key player in the industry and to meet evolving customer needs, we are consistently adopting advanced technologies and improving our manufacturing processes.

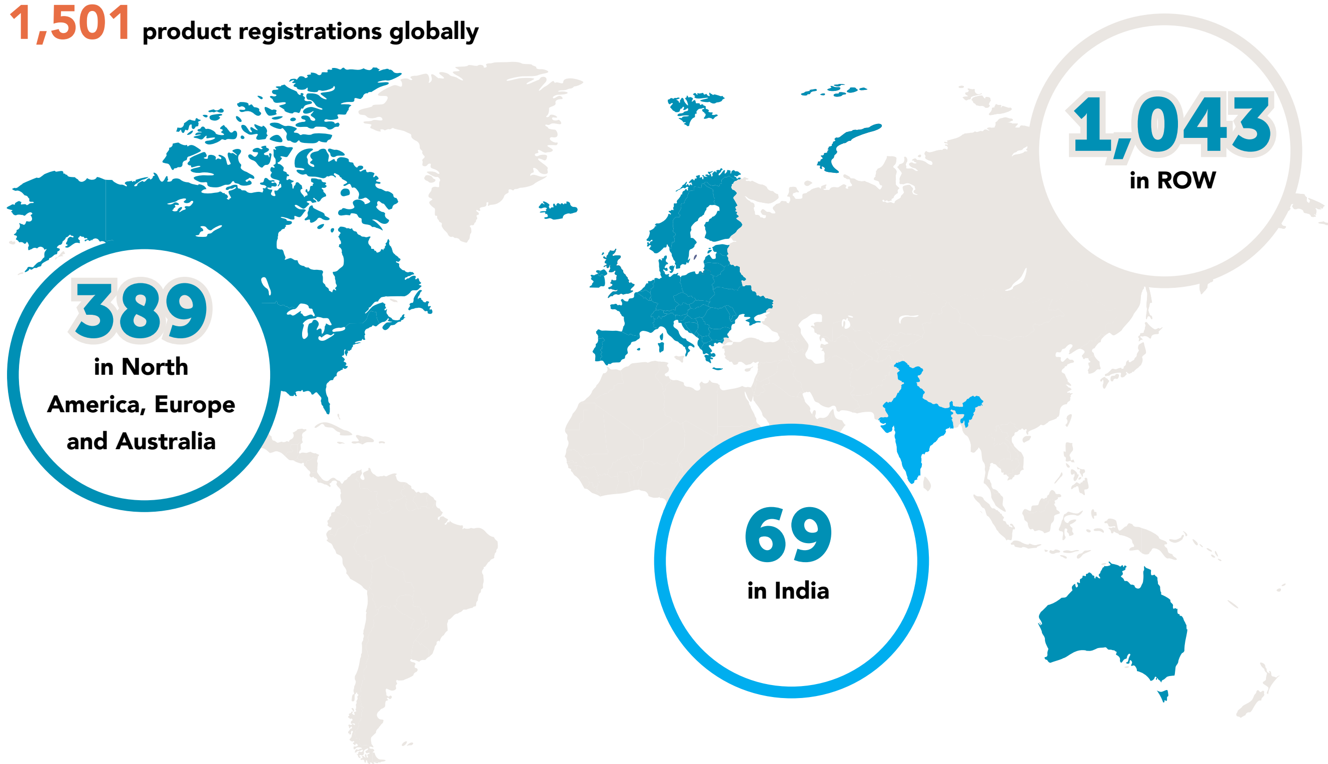
Status as on March 31, 2021

	Filed	Approved	Awaiting approval
Gland Pharma's Own ANDAs	115	85	30
Partners' ANDAs	169	149	20
TOTAL ANDAs	284	234	50

Filing Tracker	Cumulative till FY 2017-18	In FY 2018-19	In FY 2019-20	In FY 2020-21	Total till FY 2020-21
Own ANDAs	73	12	15	15	**115**
Partners' ANDAs	150	12	1	6	**169**
Total ANDAs	223	24	16	21	**284**

As on March 31, 2021, Gland along with its Partners have total

1,501 **product registrations globally**



Status as on March 31, 2021

204 Sterile ANDAs

53 Oncology

27 Ophthalmic

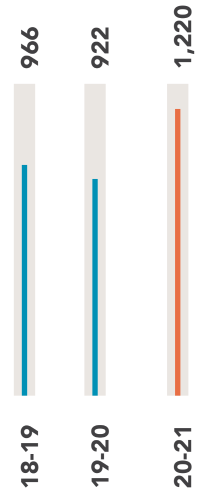
Our tenacity to consistently receive regulatory approvals, commercialise our pipeline and achieve market penetration is reflected in our revenue growth from new product launches.

Enhancing our R&D Capability

Our R&D expertise, enables us to continuously upgrade and enhance our product development capacities. Our laboratories are equipped with state-of-the-art equipment including synthesizers, microwave assisted reactors, liquid chromatography-mass spectrometry and nuclear magnetic resonance spectroscopy that add efficiency to manufacturing processes.

R&D Details

R&D Expense
(₹ million)



As on March 31, 2021

268

full-time employees are in R&D

R&D expense as a percentage of revenue

3.5%
FY 2020-21

4.7%
FY 2018-19

3.5%
FY 2019-20

Our R&D team includes PhDs, pharmacy postgraduates and chemists. The team is involved in the synthesis of low molecular weight heparins, steroids, oncology drugs and the development of complex injectables, such as lyophilized products, high-potent drugs and long-acting suspensions, lend a competitive advantage to our Company. Our R&D laboratories are involved in the development of formulations, analytical methods, API processes and stability studies.

Improved and Advanced Technology

We have advanced capabilities that enable us to focus on the development of technically-challenging products, including generic injectables, characterising complex molecules, analysing and synthesising peptides and proteins. These technological capabilities have enabled us to produce bioequivalent versions of complex drugs. Our proficiency also supports development and manufacturing of a broad range of dosage formulations, including solutions, suspensions and lyophilized products as well as products administered through pre-filled syringes, vials, ampoules, bags and dry powder injections. Our injectable product technologies have also enabled us to develop and manufacture generic injectables in liquid, lyophilized, suspension forms, as well as for pre-filled syringes.

Characterisation of complex molecules is important for the development of a generic product that is the same as a reference drug. Complex molecule drugs have very slight variances, making it difficult to characterise them. We have developed analytical tools that have enabled us to characterise complex molecules in our products and product candidates. This allows us to demonstrate 'sameness' to the USFDA. Some of our success stories include synthesis and characterisation of glycosaminoglycans, including heparin, low molecular weight heparins, chondroitin sulphate, hyaluronic acid and drug conjugates of glycosaminoglycans. We also possess the technology to develop complex steroids such as vecuronium, rocuronium, fulvestrant and vitamin D analogues.

Our technology also enables us to characterise other complex molecules, including protein-based products. The development of peptide and protein drug products utilise characterisation technology as well as sterile API manufacturing technology. The sterile API technology has enabled us to successfully develop betamethasone acetate, paliperidone palmitate, loteprednol etabonate, aripiprazole hydrate and aripiprazole lauroxil. We have also developed non-infringing polymorphic forms of APIs, such as Tigecycline and Bortezomib, and novel processes for oncology APIs, such as cabazitaxel and pralatrexate.

Technology Transfer Capabilities

Being in the B2B business, we also handle technology transfer projects, wherein the customer transfers the technology to us. We have a separate manufacturing science and technology team with project leaders experienced in injectables manufacturing and project management, to specifically concentrate on our technology transfer capabilities.

Technology transfer involves technical gap analysis with respect to manufacturing and analytical methods, analytical method transfers, verification of APIs and finished products, project specific validations, execution of trial and submission batches, stability studies, preparation of documents for dossier submission and project management.

Our technology transfer team possesses a keen understanding of the technology involved in site transfer projects, with respect to manufacturing and analytical methods as well as sourcing project specific components required to ensure the efficient execution of projects. As a result of our expertise, we have a strong track record of multiple CBE-30 filings and approvals.

Nurturing our Intellectual Property

Our R&D expertise directly supports our required regulatory filings worldwide. Our product capabilities are also further reinforced by our drug regulatory capabilities that facilitate registration of complex injectables across product lifecycle and markets.

Our regulatory team has extensive experience about the regulatory requirements of our core markets and, therefore, simplify new product registrations. The regulatory team is constantly engaged with regulators, including the USFDA, and plays an active role in achieving operational efficiencies by undertaking CBE-30 filings for site and line changes as well as filing for change of APIs, when cost-effective sources are available.

We own several patents covering processes and equipment used in the manufacturing of our products. As on March 31, 2021, Gland Pharma has 12 registered patents. It has applied for the registration of 13 patents in India.

human CAPITAL

At Gland Pharma, the resilience of our employees is a testimony to the strong values that are impressed through our work culture. We aim to foster a high-performance and talent driven organisation, with an open, progressive, conducive, diverse and inclusive work environment.

3,961 Total number of employees

33 Average age of employees

13% Female employees

85% Retention rate

Recruitment

We recognise the need to attract and retain the right talent to meet our organisational objectives and remain competitive in a rapidly evolving business landscape. We continuously focus on building an agile, meritocratic and purpose driven workforce.

Onboarding Resources

Our ability to identify and attract people with appropriate experience and skills is critical to our success. We recruit people through multiple channels including head hunters, recruitment consultants, job portals, employee referrals, and walk-in drives for high-volume vacancies.

We invest deeply in the recruitment and interview process to match the candidate's aspirations, values and talents with the Company's goals, values and needs. In addition to a candidate's abilities and experience, we look at their zeal to make a difference to the world of healthcare.

Internal Talent Pool

Creating an internal talent pipeline and nurturing the right candidates is key to business continuity. The Company has well institutionalised the Executive Management Team, which consists of 19 Functional/ Business Heads, 52% of whom are home-grown leaders. They have been nurtured at different stages, on various processes and practices of the business while we were growing and expanding organically. We have assessed and identified successors for our key management personnel who are our potential future leaders.

We encourage employees to pursue long-term careers with us, emboldening them to partake in career development activities and provide a talent mobility policy across functions.

52%

of our 19-member Executive Management Team are home-grown

Recognition

We believe that recognising and acknowledging the efforts of an employee is the best motivation for professional as well as personal growth. Our Reward and Recognition system has a three pronged objective:

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

This year being like no other in our history, we introduced several initiatives and awards to encourage and appreciate our employees including contract workers, for their contribution during the COVID-19 pandemic.

Employee Training & Wellbeing

We are steadfast in our commitment to create a performance driven work culture by fostering employee capabilities that encourage consistent results, in the present and future. We believe in empowering people by honing their skills and expertise. An extensive array of learning and development programmes are offered to employees, including contractual employees, to motivate and support them in achieving their full potential.

Dialogue circles on building a performance culture at Gland were conducted in 2020, where we covered 123 assessors which were covered in 10 sessions. The objective was to sensitise them on effectiveness of Performance Management System which increases productivity and better result orientation. It promotes employee engagement, which in turn increases willingness, learning and innovation for the Company's betterment.

Our programmes are specially curated to focus on core capabilities and organisational requirements. Our ability to create a differentiated position in the industry rests on the diverse and versatile talents of our people, their capabilities and skillsets.

261,141

Total man-hours of training

Employee Engagement

The key to organisational success often lies in a motivated workforce. As a result, we offer varied employee engagement initiatives to boost morale and ensure professional growth.

We also use numerous global leadership communication channels to engage employees in our business strategy. We encourage regular interactions within the organisation to foster open channels of communication and dialogue.

Dialogue circles on building a performance culture at Gland Pharma are conducted regularly to over several assessors cover multiple sessions.

We celebrate birthdays, work anniversaries as well as festivals with our people and their families to foster the spirit of unity. We also organise special events on Women's Day and World Health Day, among others. This year, due to the ongoing pandemic, we cancelled physical events, but celebrated occasions virtually.

Health & Safety

We have established a safe and healthy workplace with policies dedicated to maintaining standard operating procedures that protect Gland employees, contractors, visitors and the environment from work-related incidents and exposure to damaging circumstances. We continued to safeguard the health of our employees through specially designed wellbeing programmes that were followed across our offices.

10,238

man-hours of EHS training

15.63

million man-hours of injury-free operations

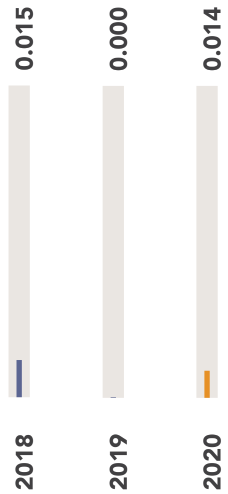
Zero

Transport and operational facility incidents

Active

Participation in health & safety trainings by all employees

Lost time injury frequency rate



We have taken multiple initiatives to reduce the risk of accidents at our facilities through periodic plant level risk assessments. Regular employee safety audits and management review meetings are also conducted to identify and implement required interventions.

Some of the initiatives undertaken to protect the health and safety of our employees, contractors, customers and others are discussed here:

- Provision for round-the-clock medical assistance at our health centre, equipped with necessary equipment, professionals, doctor and paramedic staff
- Maintenance of personal hygiene facilities and continuous industrial hygiene monitoring
- Constitution of a safety committee with more than 50% participation of workmen
- Various internal & external training programmes, such as shop floor, induction and refresher class room trainings conducted. Periodic emergency mock drills also organised across manufacturing facilities.
- Timely inspection and demonstration of emergency equipment like fire extinguishers, fire hydrant systems, fire alarm detection system, eye and body wash showers, respiratory protective systems, periodic calibration of portable and fixed gas detection systems and spill control kits
- Regular monitoring of health issues at the occupational health centre along with monthly recording of incident frequency and severity rate. All near-miss incidents and accidents are thoroughly investigated and corrective measures are implemented by concerned departments.

ISO45001:2018 & ISO14001:2015

Certified

Key Initiatives

1 **Enhancement of Emergency Response Team (ERT) strength from 10% to 30%.**

2 **Increased number of training sessions from 100 to 125.**

3 **Conducted pulmonary function test & Hepatitis B vaccinations for employees**

Managing COVID-19 Pandemic

The COVID-19 pandemic offered novel challenges for the pharmaceutical industry. At Gland Pharma, we have readily adapted to offer emergency response, while ensuring the safety and security of our employees.

We undertook multiple initiatives to combat the pandemic and ensure business continuity:

- Established a COVID-19 task force with cross-functional representation to address real-time employee health issues and ensure workplace sanitation
- Conducted awareness campaigns to prevent COVID-19 through posters, videos, messages and other mediums, including programmes in regional languages for the contractual workforce
- Organised employee transport for workers stuck across the country during the lockdown
- Created provision for sanitisers and spare masks at multiple locations, across units
- Enabled remote working with complete IT support
- Management and departmental heads constantly co-ordinated with employees to boost their morale and ensure efficiency

relationship CAPITAL

Our responsibility towards people, patients, communities and the natural environment override our business endeavours. To deliver exceptional outcomes and foster mutually beneficial relationships, we remain committed to make positive changes to the lives of our stakeholders.

We understand the importance of socially responsible activities and continue to maximise value creation through transparent and ethical policies.

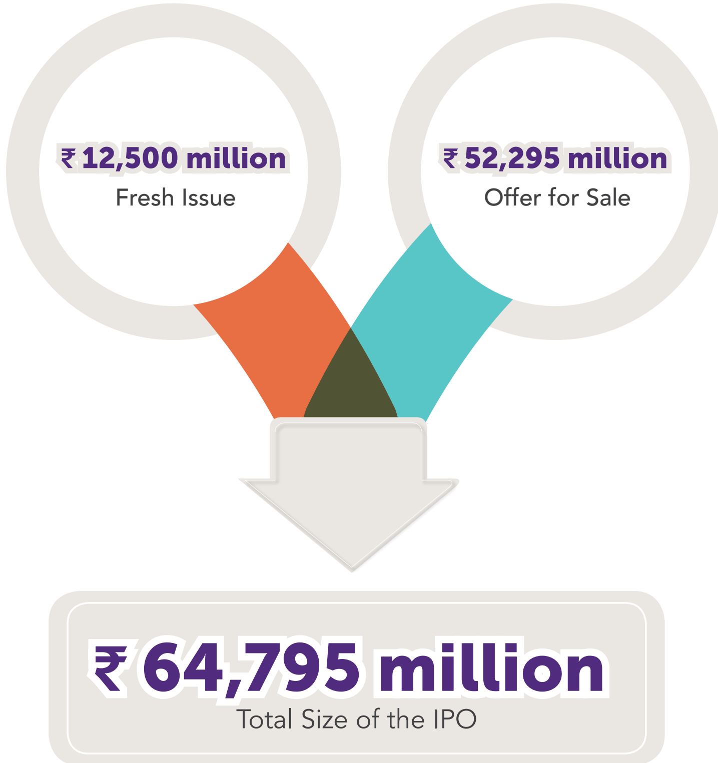
Governance

Our strong governance framework and defined code of conduct incorporate the value of trust and accountability and we believe, it is fundamental for long-term value creation. Our organisational culture is built upon shared values of integrity, respect, excellence and transparency. We have implemented a dynamic set of policies, management processes and internal controls to ensure responsible and ethical business operations, including compliance to all relevant international and domestic laws, codes and regulations.

Our employees are briefed on our code of conduct during their induction and provided refresher trainings periodically. We also encourage stakeholders to confidentially flag any suspected misconduct or possible violation of laws and regulations.

Investors

We made an exhilarating debut on the Indian bourses on November 20, 2021. Recognised to be one of the biggest IPOs of the year, we have raised additional capital to fund incremental working capital, future capital expenditure and general corporate purpose for our Company.



social CAPITAL

Education

We continue to empower children within communities, encouraging them to pursue education with holistic learning. We have launched a first-of-its-kind 'Free Breakfast Scheme' for nearly 9,100 children of 66 government-run schools around our manufacturing facilities in Hyderabad and Visakhapatnam, partnering with the Akshaya Patra Foundation.

We have served nearly 557,000 breakfast meals up to March 2020, when the scheme had to be suspended on account of the COVID-19 lockdown when schools closed down.

As schools remained closed during the pandemic, we have distributed 'Happiness Boxes' to students through their teaching / support staff. The Happiness Boxes contained nutrition, education and hygiene components. We distributed 32,000 Happiness Boxes during the year.

When government schools in Telangana cautiously reopened for a brief period in early 2021, we have distributed over 16,500 'Swasth Saala' (sanitisation) kits comprising non-invasive thermometers, solution dispensers, face-masks, water bottles, gloves and caps at 110 government schools of Medchal-Malkajgiri District, to help children follow adequate safety precautions.

We are funding the construction of infrastructure for government schools, aiding the construction of additional classrooms, kitchens, dining halls, toilets, etc. It also provides trained teachers to improve the quality of education of underprivileged students.

₹20 million

Spent on promoting education in FY 2020-21

9,100

Students impacted in FY 2020-21

Health

Gland Fosun Foundation drew up an MoU with the renowned LVPEI to set up a dedicated 'Centre for Elderly Eye Care' at Hyderabad. The Centre will provide diagnostic and treatment services to the under privileged. Over the next three years, it will also provide surgical services to at least 3,500 people, as well as house-to-house screening services for 5,000 senior citizens.

During the year, we helped LVPEI to procure PPE kits, gloves, masks, face-shields and sanitation supplies for their frontline health workers across 180 Eye Care Vision Centres in Telangana, Andhra Pradesh, Odisha and Karnataka.

We have contributed to Lions Eye Hospital (Moula Ali, Hyderabad), to help them set up a 'Modular Operation Theatre' in their new surgical wing.

We drew up an MoU with a healthcare provider to provide a 'Comprehensive Health Plan' for about 2,000 socio-economically weak children from 26 government schools and orphanages in Hyderabad, to help them grow and develop. After being screened through diagnostic tests, the children were counselled by health professionals on nutritional aspects and treated with suitable supplements.

3,500

surgical services to be provided in next 3 years three years

180

Eye Care Vision Centres supported with medical equipment

2,000

socio-economically weak children will be empowered with MoU with a healthcare provider

Livelihood Development

We have contributed to:

- The construction of a 'Vocational Training Centre-cum-Residential Block' for the inmates of Swayamkrushi, a Hyderabad-based NGO which shelters mentally challenged women and addresses their special needs through therapeutic services, music, yoga, speech and physiotherapy
- The procurement and installation of jute bag-making machines for the vocational training of the inmates of Swayamkrushi.
- 100 sewing machines given to underprivileged women in Narsapur, Telangana.

Community Development

We have contributed to a 'Community Cattle Centre' at Siddipet, Telangana. Serving as a 'cattle hostel', the centre pools milch cattle from farmers of surrounding villages. With proper nurturing / medical facilities for the cattle, the centre empowers dairy farmers to supply milk to nearby procurement agencies and explore better opportunities for increasing their income. It also improves sanitation in villages and converts animal dung into manure and vermicompost.

Our funding support was provided to build:

- a compound wall around the campus
- a shed for delivery/birthing and treatment of sick animals
- feeding channels, drinking water bowls, internal/external drains
- a clinic-cum-training hall-cum-cooperative store
- 10 mini-sheds to keep farmers' belongings
- two staff quarters, one security room and one milk collection room
- a 25,000-litre overhead tank

Our funds have also been used to procure:

- a feed-chopper
- a dung-log making unit
- a khova-making machine
- dung-collection trolleys
- CCTV cameras and music system
- 4 heavy-duty cleaning machines
- 15 solar lights.

Environment / Wildlife Conservation

Contribution to Zoological Parks and Wildlife Sanctuaries

We have contributed ₹ 20 lakh to Nehru Zoological Park (Hyderabad) for adoption of 27 animals and birds including tigers, lions, giraffes and rhinoceros.

₹20 Lakh

for adoption of **27** animals

Covid-Relief Efforts

The unforeseen countrywide lockdown induced by the COVID-19 pandemic in early 2020 traumatised innumerable slum-dwellers and daily-wage earners by forcing them out of work, leaving them clueless as to when and where they would get their next meal. During those extremely difficult times, Gland Pharma distributed thousands of 'dry ration' bags, each containing packets of rice, dal, sugar, oil, potatoes, onions, tamarind, etc. The Company also served cooked food to thousands of migrant workers and other underprivileged residents of slums and villages. We have also provided N-95 face masks to doctors, hospital staff, healthcare workers and police personnel battling COVID-19 at great risk to themselves, as well as to students and other sections of the public. Gland Pharma also handed over 22,400 grocery packets to the underprivileged and underserved.

22,400

grocery packets distributed to the underprivileged

natural CAPITAL

We are committed to reducing our carbon footprint, living by our philosophy of contributing towards building a greener environment and creating sustainable value for all our stakeholders.

We conduct our business efficiently, complying with environmental laws, regulations and industry standards, doing our best to reduce our carbon footprint. We have implemented various eco-friendly initiatives across our operations and continue to encourage our workforce to adopt efficient and responsible practices.

400 KLD

Water recycled (treated water used in cooling towers)

11%

Reduction in water consumption over previous year

Bio-Medical Waste Management

We are committed to prevent negligent disposable of bio-medical waste and remain mindful about our waste disposal habits. As a result, our operations are governed by multiple regulations including the Bio-Medical Waste Management Rules, 2016 (BMW Rules), Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 (Hazardous Waste Rules) and The Manufacturing, Storage and Import of Hazardous Chemicals Rules, 1989 (MSIHC Rules).

Hazardous waste generated from our facilities are safely disposed by authorised agencies approved by Telangana State Pollution Control Board (TSPCB). We have entered into a technical collaboration with Treatment, Storage, and Disposal Facilities (TSDF) GGPEIL and the Ramky Group to ensure responsible disposal of e-waste and other waste generated through our manufacturing processes. Expired chemicals, STP sludge, spent solvents, and solid batches of drug that do not qualify our stringent quality check are sent to the authorised TSDF for incineration.

Other batches that fail our rigorous tests are crushed by our glass crushing machines and the liquid effluent generated from crushing is sent to the Common Effluent Treatment Plant (CETP) after pre-treatment. We also recycle the crushed glass and packing waste generated from our operations. The buy-back clause with our supplier, for used lead-acid batteries, also enable us to dispose hazardous waste efficiently.

Water Consumption

We are committed to reduce water consumption, and have multiple checks and balances to optimise the same. We make conscious effort to minimise losses during the manufacturing process, and have stepped up efforts to reduce consumption of water through optimal utilisation of water through recirculation. We periodically screen and upgrade our effluent and sewage treatment plants, at our manufacturing facilities, to treat and recycle waste water.

Process improvements were undertaken at the raw water underground storage tank which helped us optimising the water usage to ~50 KL per day.

Improvements in our water quality sampling process helped us further in water reduction.

Air Pollution

We have taken strong measures to reduce air pollution from our manufacturing units. Instead of furnace oil, we have used boiler fuel with piped natural gas (PNG) to reduce our stack and CO^2 emissions.

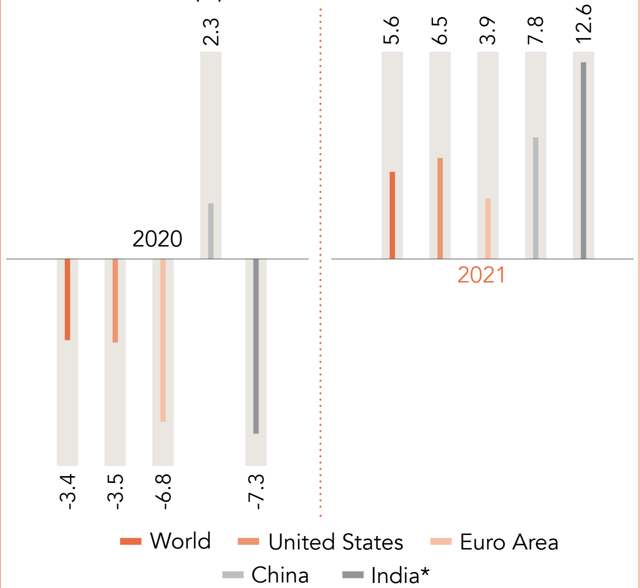
The shift to PNG has been initiated at our Dundigal plant and the same will be implemented at Pashamylaram manufacturing facility too.

Management Discussion & Analysis

Global Economy

The health crisis which started in the beginning of 2020, soon turned into an unprecedented economic and social crisis. Most of the economies around the globe contracted, with the global economy contracting by 3.4% in 2020. The global prospects started improving in the latter half of 2020, with fiscal supports offered by the countries starting to make an impact. Further, the announcement of additional fiscal supports in few countries and expectation of vaccines being available soon boosted the economic activity, especially in large emerging markets. China, India, and Turkey saw economic activity moving to pre-pandemic levels on the back of strong initiatives and a robust recovery in some sectors. Among the developed economies, Europe and UK have taken the major hit with large part of the economies having to be closed again in the end of 2020 due to rising cases. Although in USA, economic activities got a boost due to strong fiscal measures taken to tackle the meltdown. The prospect for recovery has improved with most countries bouncing back better than expected by the end of the year.

GDP Growth rate (%)



Source: OECD economic outlook interim report march 2021

*Fiscal year, starting in April

Outlook

The successful and gradual deployment of vaccination and better than expected turnaround in latter half of 2020, is encouraging and as per Organisation for Economic Co-operation and Development (OECD) estimates the global economy is projected to grow at 5.6% in 2021. Despite certain uncertainties such as effectiveness of vaccination and its timely distribution, potential mutations of the virus, possible rise in inflation and tightening of policy support, the world has certainly improved and seem to be on a good trajectory. Key indicators such as oil prices and US long-term bond yields returning to their levels prior to the pandemic reflects the expected strong recovery. In the United States, faster vaccine rollout, increased demand substantially is expected to lead to a stronger recovery. With the revival in growth in one of the most developed economies, it is expected to create positive spill overs in other economies, especially key trading partners.

Indian Economy

Indian economy, along with other economies across the globe, witnessed the worst GDP contraction of 7.3%[1] owing to the disruptions caused by the COVID-19 outbreak. To control spread of COVID-19 infections, strict lockdowns were imposed across the country during April and May 2020, bringing economic activities to a near standstill. As a result, India's GDP contracted by 23.9% in the first quarter of FY 2020-21[2]. The gradual ease of restrictions from June 2020, helped the economy witnessed a strong V-shaped recovery due to pent up demand across several sectors. While agriculture emerged as a silver lining, contract-based services, manufacturing and construction were hit the hardest, and continue to recover steadily. The increased government consumption-based reforms and aggregate net exports helped stage recovery in economic growth in the last two quarters of the fiscal.

Quarterly GDP Growth (Y-O-Y) (%)

Source: Ministry of Statistics and Program Implementation (MOSPI)

[1] www.pib.gov.in/PressReleasePage.aspx?PRID=1723153

[2] www.pib.gov.in/PressReleasePage.aspx?PRID=1650021

The global Pharma market which was estimated at US$ 966 billion in 2016 has grown at a CAGR of approximately 3.2% to reach US$ 1,132 billion in 2021.

India is expected to strongly bounce back in FY2022, backed by rise in public and private investment, steady vaccination drives and an uptick in domestic demand.[3] The growth will be supported by government stimulus packages and a prudent allocation in capital expenditure across core sectors. Further, the government's enhanced focus on reviving the manufacturing sector through production-linked incentive (PLI) scheme and various other initiatives such as 'Make in India' and 'Aatmanirbhar Bharat' is anticipated to contribute to sustain economic growth in the near long-term.

The Indian government in the Budget 2021-22 has shifted its approach for the healthcare industry with a focus on a more holistic growth focusing preventive, curative care and wellbeing.

BUDGET 2021-22

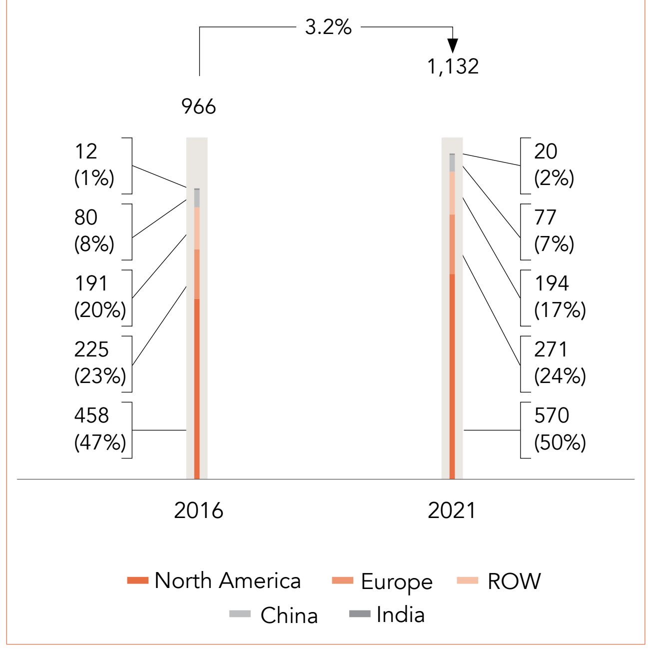
- ₹2,23,846 crore allocated to healthcare, a 137% increase over previous year[4]
- A new central scheme PM AtmaNirbhar Swasth Bharat Yojana to be launched with an outlay of ₹64,180 crore over six years to be run along with National Health Mission.
- ₹35,000 crore will be spent on COVID-19 vaccines
- Pneumococcal Conjugate Vaccine to be rolled across the country
- 17,000 rural and 11,000 urban health and wellness centres to be set up

Industry Overview

Global Pharmaceutical Market

Global pharmaceutical industry is undergoing a major revamp. Cross-country and cross-enterprise collaboration in areas such as research and development, flexible production, focus on precision medicine, attention on supply-chain management, and technology innovation with emphasis on digitisation were some of the major trends seen in 2020. The global Pharma market which was estimated at US$ 966 billion in 2016 has grown at a CAGR of approximately 3.2% to reach US$ 1,132 billion in 2021.[5]

Geographic Segments: Global Pharma Market (Values in US$ billion, 2016-21)



Source: IQVIA Midas Global Pharma Data MAT March 2021

At present the developed markets of North America and Europe dominate the pharmaceutical market with over 70% market share. With growth picking up at a faster pace in the 'pharmerging' markets like China and India the market share of these countries are expected to increase steadily. The market is currently mostly innovator based, but the share of generic (medicine that has gone off-patent) is expected to rise from 35% as of 2020 to 37% by 2025, growing at a CAGR of ~5.3% to reach ~ US$ 509 billion.

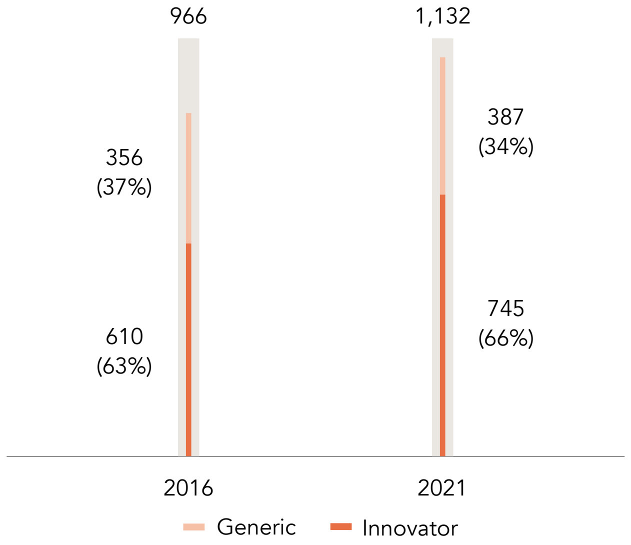
In terms of product type the market share are made of generics and innovator molecules with Generics have shown a growth at a CAGR of ~1.7% while innovators have grown at a CAGR of ~4.1%, during the period of 2016-21.

[3] www.adb.org/news/india-growth-rebound-11-fy2021-moderate-7-fy2022

[4] www.financialexpress.com/budget/why-budget-2021-is-a-good-start-for-indian-healthcare/2191007/

[5] IQVIA Midas Global Pharma Data MAT March 2021

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



Source: IQVIA Midas Global Pharma Data MAT March 2021

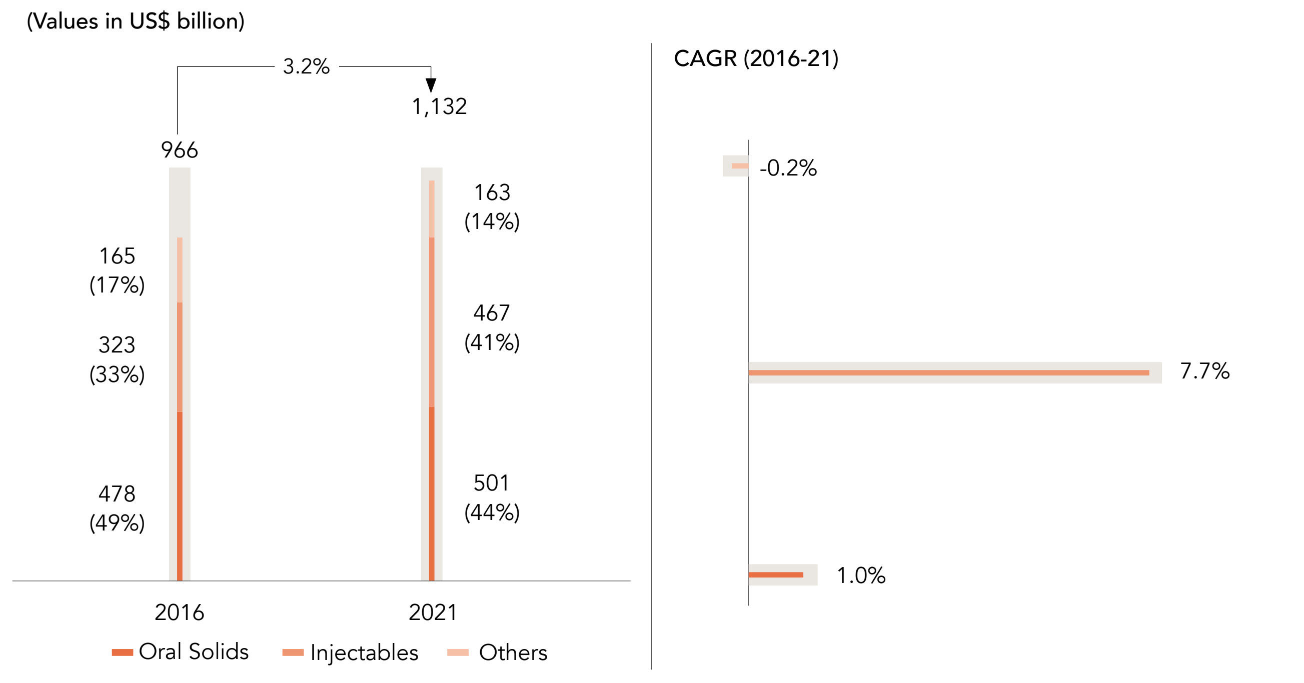
North America, is the largest market for generics and is expected to remain so, though the growth is expected to slow down due to price erosion resulting from increased competition in the region. While, India and RoW is expected to grow at a comparatively very fast rate driven mainly by volumes.

While, in terms of method of delivery, the market is made majorly of oral solids and injectables. The global Oral solid market was estimated to be US$ 501 billion in 2021, which is also the largest form of delivery, and has grown at approximately 1% CAGR during 2016-21. Injectables with around 41% share are a close second and is the fastest growing form of delivery growing at CAGR of ~7.7% over 2016-2021, estimated at US$ 467 billion in 2021.

Estimated market value of global Injectables market in 2021

US$ 467 billion

Global Pharmaceutical Market Form wise (Values in US$ billion, 2016-21)

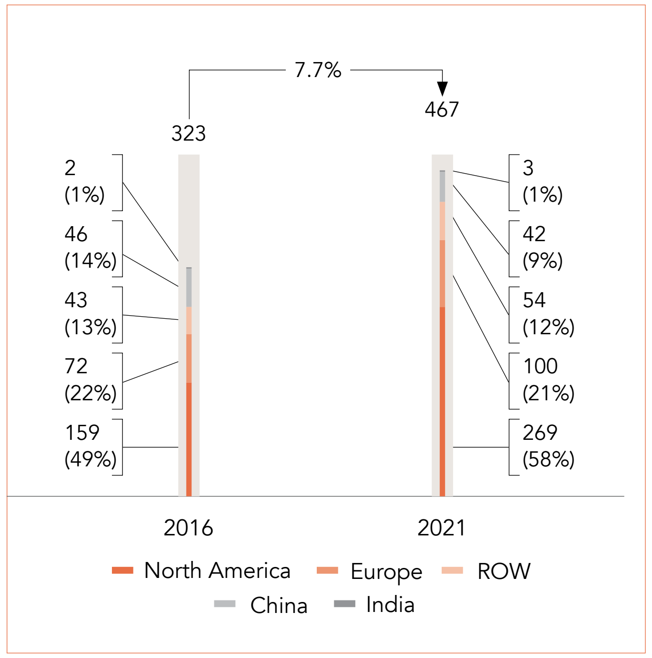


Source: IQVIA Midas Global Pharma Data MAT March 2021

GLOBAL INJECTABLES MARKET

Injectables are the second largest form of drug delivery systems and account for over 41% of the global market share, on back of increasing volume and marginal increase in prices. North America the biggest market has been capturing more market share as the usage increases in the region. While, Japan, Russia, Korea, Australia and Saudi Arabia are some of the other key markets contributing to more than two-third of overall RoW injectables market.

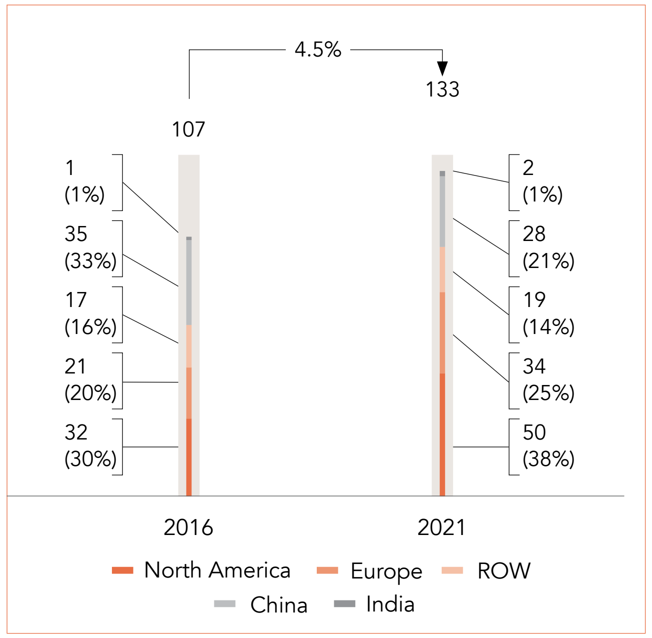
Global Injectable Market – Geographical Distribution (Values in US$ billion, 2016-21)



Source: IQVIA Midas Global Pharma Data MAT March 2021

While within the injectable market, generics-injectable valued at US$ 133 billion is in 2021. It represents 28% of overall injectables by value. Generic Injectable penetration has mostly increased across the geographies during the last few years both in terms of volume and value.

Global generic Injectable market - Geographic distribution (Values in US$ billion, 2016-21)



Source: IQVIA Midas Global Pharma Data MAT March 2021

Injectables have numerous advantages over other traditional dosage forms:

- The parenteral route of administration is preferred over the oral route for treatment of many chronic and life-threatening diseases due to better patient compliance.
- Long acting Injectables/depot delivery systems enhance product quality by decreasing dosing frequency, simplifying the drug regimen. Parenteral depots reduce the relapse rate of disease and the maintenance phase of therapy, hence improving efficacy and treatment adherence.
- Injectables have almost 100% bioavailability as they avoid the 1st pass metabolism. They have an immediate onset of action which is better than other dosage forms.
- Injectables allow patients who cannot intake other dosage forms due to difficulties in orally consuming the medication to adhere to their medication regimen.
- The development of self-injection devices like pen-injectors and auto-injectors has made administering drugs much more convenient and relatively easy for patients.
- There is an increase in the number of new drug formulations that are not very water soluble and/or have very low permeability to allow for their adequate absorption from the gastrointestinal tract following oral administration[6]. Hence the only way to make such drugs bioavailable in the body is through an intravenous administration

Key Markets Highlights

Biggest Pharmaceutical Market- USA

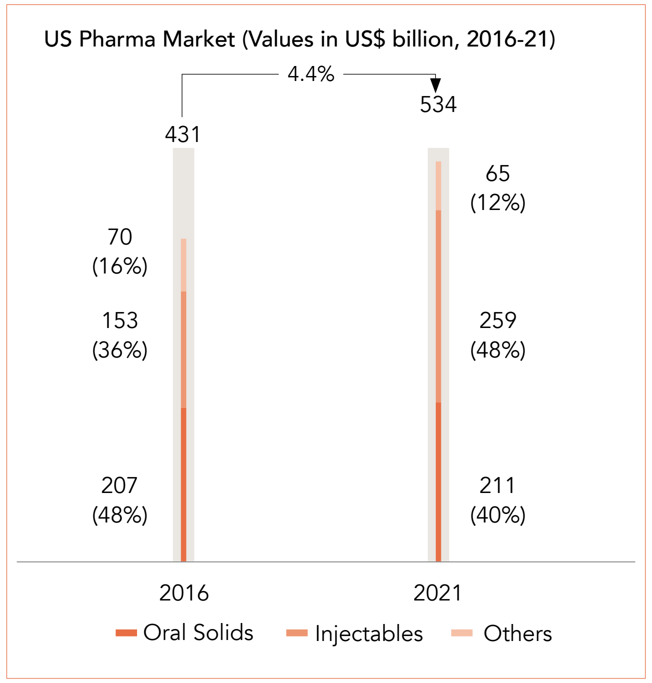
Within the $534 billion (in 2021) United States pharmaceutical market is expected to grow with the rise in ageing population. of 65+ years. Multinational companies form the core of the business and operate across the world in both developed and emerging markets. Despite of a strong research and development capabilities and innovations, the USA market has been widely open to generics. USA has the highest generic sales in the world, with ~28% share in 2020.

Injectables constitute the largest form of drug delivery with a 48% market share in 2021, while the US injectable market was estimated to be at ~US$ 259 billion (in 2021) and has grown at ~11% CAGR during 2016-21.

~28%

Share of USA in generic sales in 2020

[6]It has been estimated that 40% of drugs with market approval and nearly 90% of molecules in the pipeline of drug discovery programmes are poorly soluble in aqueous media and/or have very low permeability to allow for their adequate absorption from the gastrointestinal tract



Source: IQVIA Midas Global Pharma Data MAT March 2021

Key Drivers

Ease of Administration

Innovation in the field of New Drug Delivery Systems (NDDS) has led to a rising demand for self-administered medications. The invention of new injectable delivery devices like auto injectors, pen injectors, pre-filled syringes (PFS) and needle-free injectors has made self-administration of drugs more convenient and easier for patients.

Treatment of Chronic Diseases

Chronic diseases like cancer (chemotherapy drugs) and diabetes (insulin) which are treated primarily through injectables is witnessing an increased demand. Diabetes prevalence has doubled since 1980 and is expected to continue rising, with increase in obesity, sedentary lifestyle, poor eating habits, and ageing population. The number of cancer patients is expected to increase from 18 million in 2018 to 23 million plus by 2030.

Novel markets

Pharmaceutical companies are developing and investing heavily in the development of new complex molecules to find new cure for diseases such as rheumatoid arthritis, multiple sclerosis, cancers and auto-immune disorders. These treatments are now being administered through injectables, especially prefilled syringes, is becoming the preferred drug delivery systems due to their ease of handling, less chance of overfills and increased safety to patients. There is also an increase in the number of new drug formulations which can only be administered intravenously.

Growth of Biologics

Biologics are gaining popularity in the pharmaceutical industry. In the coming few years, many biologic drugs will witness loss of patent exclusivity thereby resulting in a surge in their biosimilar products. This will lead to increased demand for the injectable drug delivery devices for these formulations.

Competitive advantage

India is one of the leading manufacturing hubs for generics and the biggest exporter, with a competitive advantage in cost and availability of skilled manpower. Indian pharmaceutical companies are continuously investing in research and development activities to expand their presence. They have also been partnering with various multi-national companies to improve their reach and product portfolio.

India is one the leading and key manufacturing hubs for generics and the biggest exporter

Market Entry Barriers

High capital investments, operational cost, manufacturing complexities, stricter compliance requirement due to the sterile nature of products and high-quality standards lead to natural entry barrier in the industry. The inherent complex nature of injectables leads to a concentrated market as compared to other segments.

Growing Demand in Domestic Market

Government policies such as Ayushman Bharat are expected to improve the diagnosis and treatment rates in India. Growing insurance, improving affordability and increasing incidence of chronic diseases due to changing lifestyle will lead to increased demand of pharmaceuticals drugs in the country.

The government recently approved a Production Linked Incentive (PLI) scheme over a period of FY 2020-21 to FY 2028-29, with an outlay of ₹15,000 crore to provide a further boost to the pharmaceutical sector. The scheme intents to increase self-reliance by increasing drug security, support the domestic production capability in Active Pharmaceutical Ingredients (APIs) and Key Starting Materials (KSMs). It is also expected to generate employment for both skilled and un-skilled personnel

Challenges

Regulated Prices

Pharmaceutical prices in most countries are regulated. Imposition of limits on the trade mark-ups or overall price limit the scope of growth in terms of value.

Strict Quality Compliance

Quality Requirements for injectables drugs are comparatively more stringent due to its inherent nature of application. In the last few years, regulatory scrutiny has increased with multiple USFDA audits and other regulatory audits being conducted at regular intervals.

Differentiated Product Portfolio

Given the competitive landscape of the industry, pharmaceutical industry players constantly need to upgrade their product offering in line with changing demand and expectation of the consumers. The companies inability to meet or offer the correct product at the right time might have adverse impact on its operations.

COVID-19 impact on pharmaceutical industry

COVID-19 pandemic has had a multifaceted and unequal impact on the pharmaceutical industry. Products used primarily in managing infection control, treatments associated with respiratory infections, have seen an increased demand. The total cumulative spending on COVID-19 vaccines through 2025 is projected to be $157 billion, largely focused on the initial wave of vaccinations to be completed 2022. In later years, booster shots are expected to be required on a biennial basis as the durability of immunity and the continued emergence of viral variants make an endemic virus the most likely outcome.

The pandemic has made government of many countries including India, cautious about their over-dependency on imports to support domestic demand for medicines. This is expected to bring some changes in policies to increase long term self-reliance by encouraging increase in indigenous capacities and to curtail future shortages by diversifying pre-qualified import base. Pharmaceutical companies will need to reassess their manufacturing base and distribution channels, and prepare for such shifts over the medium to long term.

Company Overview

Incorporated in 1978, Gland Pharma is today one of the fastest growing generic injectables-focused companies. The Company offers services that cover the entire injectables value-chain, including contract development, own development, dossier preparation and filing, technology transfer and manufacturing across a range of delivery systems. Over the last four decades, the Company has proven its excellence in evolving into a renowned complex injectables development & manufacturing Company.

The Company's portfolio of injectables products spans across multiple therapeutic areas and delivery systems. We are present in sterile injectables, oncology and ophthalmics, and focus on complex injectables, NCE-1s, First-to-File products and 505(b)(2) filings. The delivery systems include liquid vials, lyophilized vials, pre-filled syringes, ampoules, bags and drops. With a strong R&D team and growing manufacturing capacities, the Company is widening its offerings into complex injectables.

Over the years, the Company has made substantial investments in its manufacturing infrastructure, with eight manufacturing facilities in Southern India, comprising of four finished formulations facilities with a total of 23 production lines and four API facilities. The manufacturing facilities consists of two sterile injectables facilities, one dedicated Penems facility and one oncology facility with finished formulations facility with a capacity of 767 million units per annum. The Company sells its products primarily under a business to business ("B2B") model in over 60 countries with its core markets being United States, Europe, Canada, Australia and India.

Core Strengths

The Company has demonstrated ability to advance a product from the R&D stage to commercialisation. Some of the key strengths include:

Diversified Portfolio & Strong R&D

The Company has a vast product portfolio with expertise in synthesis of complex drug molecules. It has established a portfolio of injectable products across various therapeutic areas and delivery systems. The Company is expanding its product development and manufacturing capabilities in complex injectables and new delivery systems underpinned by the internal R&D expertise. The R&D laboratories are engaged in the development of key processes such as formulation development, analytical method development, API process development and stability studies.

Regulatory Capabilities

The Company's product capabilities are further reinforced by its ability to facilitate registration of injectables across product lifecycles and markets. Its regulatory team has extensive experience in the regulatory requirements of key markets to facilitate new product registrations. The team is constantly engaged with regulators including the USFDA, and plays an active role in achieving operational efficiencies by undertaking CBE-30 filings for site and line changes as well as filing for change of APIs when cheaper sources are available. The Company along with its partners has 284 ANDA filings in the United States, of which 234 were approved and 50 were pending approval.

Quality Control & Certifications

The Company has established a consistent record of regulatory compliance. The Company has a strong internal control system and team to assist in adhering to the multiple norms. The Company is certified as GMP compliant at all the manufacturing facilities by the USFDA, with certain facilities also having certification by the MHRA (UK), ANVISA (Brazil), AGES (Austria), TGA (Australia) and BGV Hamburg (Germany). It has also received WHO GMP certifications for its facilities from the Drugs Control Administration (Governments of Telangana and Andhra Pradesh, India) (DCA) and has three ISO certifications for quality management, environment management and occupational health and safety management systems.

60+

Countries present in

Backward Integration

The Company is vertically integrated and has four API facilities with a production capacity of 11,000 kg per year. The facilities provide in-house manufacturing capabilities for critical APIs, 32 ANDAs supporting the Company's key products. As on March 31, 2021, the Company has filed 45 DMFs in the United States.

B2B model complemented by B2C

The Company's business model is primarily B2B covering IP-led, technology transfer, own filing and contract manufacturing models, complemented by a B2C model solely for its domestic market - India.

Experienced Management

Further, the Company is managed by a professional and experienced team with significant expertise in the pharmaceutical industry.

Performance during FY 2020-21

Business performance

(₹ in million)

Particulars	FY21	FY20	YoY growth
USA, Europe, Canada and Australia (Core Markets)	23,610	19,344	22%
India	5,564	4,672	19%
Rest of the world	5,455	2,316	136%
Total	**34,629**	**26,332**	**32%**

Key business updates for Financial Year 2021

- Key markets of US, Canada, Europe and Australia accounted for 68% of our revenue and witnessed 22% Y-O-Y growth in revenues. The growth was on account of launch of new products and volume growth in existing products with ramping up of capacities. The Company launched 47 product SKUs during the year. Some of the new products launched in these markets during the year are Micafungin, Bivalirudin in RTU format, Ziprasidone.

- Rest of the World business has accounted for 16% of our FY21 revenue and witnessed 136% growth in revenues. Rest of the world markets sales has been driven by new partnerships and increased penetration geographically. The Company entered new markets like Singapore; Israel; Saudi Arabia, and CIS Countries.

- Domestic market of India accounts for 16% of our FY21 revenue and witnessed 19% growth in revenues. Along with volume growth in the core portfolio of products ramping up of Remdesivir supply has enabled the Company to achieve the growth. The Company launched 10 product SKUs during FY21.

- During the financial year 2021, the Company has filed 21 ANDAs, 5 DMFs and received 32 ANDA approvals.

- As at March 31, 2021, the Company has filed total 284 ANDAs, out of which 234 were approved and 50 are pending approval. It also has 1,501 product registrations globally.

- The total R&D expense for the financial year 2021 was ₹1,220 million as compared to ₹922 in the previous financial year, which is at 3.5% of the Revenue and an increase of 32% over the last year.

- On the quality and regulatory side, all the plants of the Company continue to remain approved by US FDA.

- During the year, The Company entered into an agreement to supply upto 252 million doses of RDIF's Sputnik V COVID-19 vaccine

- Total Capex incurred during the financial year ended March 31, 2021 was ₹2,288 million compared to ₹1,947 million for the previous financial year. The Company is expanding its sterile injectable facility located in Hyderabad. It is also enhancing its production capacity for APIs in Vizag and adding capacity in its oncology facility to take care of the planned launches in forthcoming years.

- The Company has entered into an agreement for the purchase of R&D and manufacturing facility of Vitane Biologics, a bio-pharmaceutical company located in Hyderabad.

Financial performance

(₹ in million)

Particulars	FY21	FY20	YoY growth
Revenue from operations	34,629	26,332	32%
Total Income	35,977	27,724	30%
EBITDA	14,370	10,946	31%
EBITDA Margin (%)	40%	39%	
PBT	13,348	9,929	34%
PBT Margin (%)	37%	36%	
PAT	9,970	7,729	29%
PAT Margin (%)	28%	28%	

The Company has reported revenues of ₹ 34,629 million in 2020-21, registering growth of 32% compared to ₹ 26,332 million in the previous year due to new launches and volume growth in existing portfolio supported by the increased capacity. As a result, the Company's EBITDA stood at ₹ 14,370 million in 2020-21, a 31% increase compared to ₹10,946 million in the previous year. The Company reported a post-tax profit of ₹ 9,970 million in 2020-21, compared to ₹7,729 million in FY2019-20, an increase of 29%.

During the year ended March 31, 2021, the EBITDA margin improved from 39% in FY2019-20 to 40% in FY 2020-21. During the same period, the net profit margin is at par with previous year of 28%.

The Company continues to expand its presence on the foundation of research and development and its ability to deliver solutions in complex therapeutic areas. Going forward, the Company will continue in its pursuit to create value for end-patients and its customers, building a sustainable entity in the years to come.

Key financial ratios

Particulars	FY21	FY20	Variance
Debtors turnover	5.16	4.38	18%
Inventory turnover	1.58	2.10	(25%)
Current ratio	4.13	4.24	(2%)
EBITDA margin	40%	39%	-
Net profit margin	28%	28%	-
Return on net worth	17%	21%	(19%)

- Debtors Turnover = Revenue from Operation / Trade Receivable
- Inventory Turnover = Cost of Goods Sold / Inventory
- Current Ratio = Current Asset (excluding cash and bank balances) / Current Liabilities
- Return on Net worth = Profit after Tax / Net Worth

- **Return on Net Worth -** During the financial year 2020-21, the Company completed its Initial Public Offer and it raised ₹ 12,500 million by issuing fresh shares to fund incremental working capital, future capital expenditure and for general corporate purpose. Pursuant to this, Net Worth of the Company increased from ₹ 36,462 million as on March 31,2020 to ₹ 59,032 million as on March 31, 2021. While Profit After Tax increased by 29% in FY 2020-21 over previous year, the increased Net Worth of the Company resulted in reduction in Return on Net Worth.
- **Inventory Turnover ratio -** During the financial year 2020 due to supply chain disruption because of COVID, Inventory level came down as on March 31, 2020. The Company started restocking of raw material since March 20 in line with the business requirements and hence the Inventory Turnover ratio declined.

Geographical performance

Revenue by geography (absolute terms)

(₹ in million)

Region	3-year CAGR	y-o-y growth	FY21	FY20	FY19
Australia	13%	23%	161	131	88
Canada	56%	41%	659	469	230
Europe	40%	29%	1,508	1,169	1,100
India	23%	19%	5,564	4,672	3,878
USA	23%	21%	21,282	17,575	12,777
RoW	87%	136%	5,455	2,316	2,369
Total			**34,629**	**26,332**	**20,442**

Revenue by geography (%)

(₹ in million)

Particulars	FY21	FY20	FY19
Australia	1%	0%	0%
Canada	2%	2%	1%
Europe	4%	4%	5%
India	16%	18%	19%
USA	61%	67%	63%
RoW	16%	9%	12%
Total	**100%**	**100%**	**100%**

Future Strategy

The Company is aggressively looking to expand its product portfolio and capacity both organically and inorganically. The Company's primary focus will continue to be on maintaining high-quality standards across products, processes and facilities and deliver value to all its stakeholders.

New Product Development

The Company has always maintained a focus on achieving a diverse product mix offering with a robust product pipeline. The Company will continue to focus on high value generic injectables including complex molecules, First to File products, 505 (b) (2) products.

The Company will leverage its strengths in injectable manufacturing to enter vaccine manufacturing for Sputnik-V. Learning's and infrastructure support from vaccine business will accelerate our long term strategy of entering into bio-similar CMO/CDMO space. At the same time the Company is expanding in high technology products such as peptides, long acting injectables, hormones, suspensions. We are also exploring building niche capabilities for manufacturing pens, cartridges and inhalation products.

Innovation-driven

To cater to the growing demand, the Company aims to continue investing in R&D and manufacturing capabilities. The Company will continue to invest in new technologies to maintain competitive strengths in both product development and manufacturing capabilities for complex injectables. In its endeavour to integrate its operations, the Company will further strengthen its API manufacturing capabilities for injectables.

Consistent regulatory track record

The strong R&D capabilities at the Company aid further to its growing portfolio of filings. As on March 31, 2021, the Company has 284 ANDA filings in the US, with 234 approvals and 50 pending. Out of these, 115 are owned by the Company with 85 approvals and 30 pending for approval. The Company shall continue with its pursuit of filings and increasing approvals for product registrations in the coming years as well.

Geographic Footprint

The Company continues to maintain its strategic focus in markets of the United States, Europe, Canada and Australia, with an eye on the "pharmerging" markets of China, India and Brazil. In its core markets the Company will continue to focus on establishing effective relationships with existing and new marketing partners to commercialise the product portfolio, while maintaining a prudent product mix. The Company intends to leverage presence of its parent company, Fosun Pharma, in China and to further widen. further widen its presence in new countries.

As on March 31, 2021, the Company has 284 ANDA filings in the US, with 234 approvals and 50 pending.

Acquisitions and partnerships

In addition to organic capacity expansion and product development, the Company continues to explore M&A opportunities that meet the internal return on capital benchmarks. The Company continues to explore possible acquisitions across local manufacturers as well as API suppliers, that complements the Company's overall long-term strategy.

This includes acquisition in the field of fermentation technology, corticosteroid APIs and hormonal APIs. We are evaluating investments in to assets that help strengthen backward integration, in areas like fermentation technology, corticosteroid APIs and hormonal APIs.

Product Lifecycle Management

The Company shall strengthen its value-proposition by focusing on lifecycle management of products across multiple processes. Vertical integration across critical APIs ensures cost efficiencies. The Company's efficient supply chain also helps curtail costs resulting in optimal inventory levels and timely filing of applications.

Human Resources

The Company's approach to people encompasses multiple aspects to ensure overall empowerment and growth of its employees. Right from safe working environment to developing career goals, the Company strives to build a cohesive, value-based approach towards work culture.

In FY 2020-21, as part of ongoing journey to build a sustainable and diverse workforce, it focused on capability building. The Company continued to develop and increasingly engaged, diverse and capable workforce. In addition, health and safety underpinned the values to create a safe workplace to deliver sustainable performance. The Company has a robust health and safety framework, backed by an efficient due diligence system in place. As on March 31, 2021, the Company had 3,961 employees on its payroll.

Responding to COVID-19

From the very early onset of this unprecedented crisis, Gland Pharma has put in adequate safeguards to ensure health and safety of its employees. The measures taken at the Company's facilities for safety of its employees ensured un-interrupted supply and distribution channel. Social distancing measures were strictly followed at all times, workplace fumigation and sanitisation of common areas, surfaces etc., and were done at regular intervals. Temperature Screening / Thermal Scanning stations at the entry gate were installed, while Video awareness stations too helped sensitize employees on precautions to be taken.

The Company arranged bus pick-ups from various districts in Telangana for the stranded employees during lockdown. Gland Pharma caters to various critical lifesaving drugs and is a leader in supplying Enoxaparin, Rocuronium, Cisatracurium etc. As various companies had to shut down their manufacturing plants across the globe there was a huge supply gap for these essential medicines. During such times, to cater to the unanticipated demand it required a massive team effort to deliver the orders.

The team focused on accelerating the replenishment of raw materials. The Company leveraged its customer relationships to request supplier for accelerated deliveries for it to resume production operations. The production schedules were planned in a way to minimize loss of capacity utilisation on account of delay of materials. In terms of logistics preparedness, the Company optimized the dispatch schedules to efficiently utilize the space and made advance booking of containers to confirm the space requirements.

Adherence to accounting standards

The Company continues adhering to standard accounting policies under the Indian Accounting Standards (Ind AS), applicable since 1st April, 2016. These policies are to be read along with the relevant applicable rules and accounting principles. Changes in policies, if any, are approved by the Audit Committee

Risk Management

Risk management is an inherent part of the Company's business and management is proactive in terms of managing risks in an organised manner. By virtue of the nature of its business, the Company is susceptible to various risks that might arise due to economic, political, legal, environment, people, operational, currency fluctuation etc. The Company's risk management strategy is governed and monitored by the Risk Management Committee. Executive Management Team regularly reviews the key risks and monitors the mitigating measures adopted by the Company. The Risk Management Committee is evaluating initiatives to further strengthen risk management framework of the Company considering our growth strategy and the dynamic business environment in which we operate.

Internal Controls

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

Report on Corporate Governance

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

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

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

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

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

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

Governance Structure

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

(i) Board of Directors:

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

(ii) Board committees:

To effectively discharge its obligations and to comply with the statutory requirements, the Board has constituted six Board committees. The committees deal with specific areas that are assigned to them for either final decision-making or appropriate recommendations to the Board. All the committees have a clearly laid down charter and are responsible for discharging their roles and responsibilities as per their charter. The details about these committees have been discussed in detail in subsequent sections in this report.

Chairman:

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

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

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

(iii) Executive Committee:

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

Board of Directors

Profile of Directors

1. Yiu Kwan Stanley Lau – Independent Chairman

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

2. Srinivas Sadu – MD & CEO

Mr. Srinivas Sadu is the MD and CEO of your Company. He holds a bachelor's degree in pharmacy from Gulbarga University, a master's degree in science from Long Island University, New York and a master's degree in business administration from University of Baltimore. He also holds a post graduate certificate in finance and management from the London School of Business and Finance. He has previously worked at Natco Pharma Limited at Hyderabad, India: He has over 21 years of experience in business operations and management. He joined your Company as the General Manager – Exports in 2000, and was elevated to the position of Senior General Manager in 2002, Vice President in 2003, Director in 2005, and Chief Operating Officer in 2011. He was appointed as the MD and CEO with effect from April 25, 2019.

3. Qiyu Chen – Non –Executive Director

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

4. Yifang Wu - Non-Executive Director

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

5. Dongming Li - Non-Executive Director

Dongming Li is a Non-Executive Director of your Company. He holds a bachelor's degree in science from Fudan University. He has served as the Vice President of Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd since September 2020. He is also the Co-President of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. He previously worked at Shanghai Pharmaceuticals (Group) Co., Limited, and at Shanghai Roche Pharmaceutical Co., Ltd. from May 2008 to November 2013.

6. Xiaohui Guan - Non-Executive Director

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

7. Udo Johannes Vetter - Non-Executive Director

Udo Johannes Vetter is a Non-Executive Director of your Company. He holds a bachelor's degree in science (pharmacy) from the University of Washington. He has been associated with the Vetter/ Vetter Pharma group of companies since 1987, and is currently the Chairman on the board of directors of Vetter Pharma (Corporation).

8. Satyanarayana Murthy Chavali - Independent Director

Satyanarayana Murthy Chavali is an Independent Director of your Company. He holds a bachelor's degree in technology from Indian Institute of Technology, Madras and a post graduate diploma in management from Indian Institute of Management, Bangalore. He was a Chief Executive Officer of Aurigene Discovery Technologies Limited, and has previously worked at Dr. Reddy's Laboratories Limited.

9. Essaji Goolam Vahanvati - Independent Director

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

10. Naina Lal Kidwai – Independent Director

Ms. Naina Lal Kidwai is an Independent Director of the Company. An MBA from Harvard Business School, she makes regular appearances in listings of international women in business by Fortune and other publications. A recipient of many awards and honours in India, she was awarded the Padma Shri by the Government of India for her contribution to trade and industry. Ms Kidwai has authored three books; "Survive or Sink - An Action Agenda for Sanitation, Water, Pollution and Green Finance", "Contemporary Banking in India" and "30 Women in Power: Their Voices, Their Stories." Ms Kidwai possesses rich experience in the areas of banking and finance. She has been a past president of

FICCI; is one of the Government of India's representatives on the BRICs Business Council and the INDO-ASEAN Business Council, the Rajasthan Chief Minister's Economic transformation Advisory Council, the Investment Advisory Committee of the Army Group Insurance Fund; on the Governing Board of Lady Shriram College as well as on the Harvard Business School South Asia Advisory Board.

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

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

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

Composition of the Board

The Board represents an appropriate mix of Executive, Non-Executive and Independent Directors, which is compliant with the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations") and is also in line with the best practices of Corporate Governance.

Classification of the Board

Category of Director	Number of Directors (men)	Number of Directors (women)	Total no. of Directors	% of Total no. of Directors
Executive Directors	1	0	1	9.09
Non-Executive Directors	5	1	6	54.55
Independent Directors	3	1	4	36.36
Total			**11***	**100.00**

*As on the date of this Report, the Company has 11 Directors. As on 31st March, 2021; the Company has only 9 Directors. One Independent Woman Director and One Non-Executive Director were appointed on May 17, 2021.

The Board is classified broadly as follows:

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

* Ms. Naina Lal Kidwai and Dr. Jia Ai (Allen) Zhang were appointed as Directors as on the date of this Report, but not as on 31 March, 2021.

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

Mr. Moheb Ali ceased to be a Director with effect from 8th October, 2020 due to his untimely and unfortunate demise. Consequently, he also ceased to be the Chairman of (i) Audit Committee, (ii) Nomination and Remuneration Committee, (iii) Corporate Social Responsibility Committee and a Member of ESOP Compensation Committee.

Mr. Peng Yiran resigned as Director with effect from 10th October, 2020 consequent to his decision to persue better opportunities outside Fosun Pharma. He confirmed that there were no other material reasons for his resignation. Consequently, he also ceased to be a Member of Corporate Social Responsibility Committee and Stakeholders' Relationship Committee and Share Transfer Committee.

The Board placed on record its sincere appreciation for the contributions made by Mr. Moheb Ali and Mr. Peng Yiran as members on the Board.

Board Skill Matrix

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

Board Skills/ Expertise/ Competencies

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

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

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

Board Membership Criteria and Selection Process

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

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

Role of the Board of Directors

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

- Annual operating plans, capital budgets and updates therein
- Supervision of financial and tax management strategies
- Reviewing and guiding the corporate strategy
- Proposals requiring strategic guidance and approval of the Board
- Regular business / function updates
- Update on Corporate Social Responsibility (CSR) activities
- Significant changes in accounting policies and internal controls
- Takeover of a company or acquisition of a controlling or substantial stake in another company
- Details of joint venture or collaboration agreements and M&A
- Sale of investment, subsidiaries, assets which are material in nature and not in the normal course of business
- Quarterly and annual consolidated and standalone results & financial statements of the Company
- Material important show cause, demand, prosecution notices and penalty notices, if any
- Fatal or serious accidents, dangerous occurrences, material effluent or pollution problems, if any
- Any material default in financial obligations to and by the Company or substantial non-payment for services provided by the Company
- Any issue which involves possible public or product liability claims of substantial nature, if any
- Significant labour problem and their proposed solutions
- Minutes of meetings of the Board and its committees, resolutions passed by circulation and Board minutes of unlisted subsidiary companies
- The information on recruitment and remuneration of senior officers just below the level of Board of Directors, including appointment or removal of Chief Financial Officer and the Company Secretary
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property
- Human resource updates and strategies
- Quarterly compliance certificate which includes non-compliance, if any, of regulatory, statutory nature or listing requirements and shareholders service
- Appointment and remuneration of directors, key managerial personnel and senior management
- Performance evaluation of the Board, its committees and each director
- Formation/re-constitution of committees
- Significant transactions or arrangements by subsidiary companies
- Statutory disclosures received from the directors

Independent Directors

The Nomination and Remuneration Policy and Board Diversity Policy sets out the criteria for appointment of Independent Directors. Each Independent Director, at the time of appointment and thereafter, at the beginning of each financial year submits a declaration confirming their independence as well as compliances under section 149(6) and the rules made thereunder, Schedule IV of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations. The declaration of independence received from the Independent Directors are noted and taken on record by the Board. In the opinion of the Board of Directors, the Independent Directors fulfil the criteria of independence as stated under 149(6) as well as the rules made thereunder of the Companies Act, 2013, regulation 16(1)(b) of the Listing Regulations and are independent of the management. In compliance with rule 6(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014; the Independent Directors have registered themselves on the data bank maintained by the Indian Institute of Corporate Affairs. None of the Independent Directors of the Company serve as an Independent Director in more than 7 listed companies or as a Whole-Time Director in any listed companies. As a process at the time of appointment / re-appointment, each Independent Director is issued a formal letter of appointment containing the terms of appointment, roles and duties, the evaluation process, applicability of Code of Conduct of the Company and Code of Conduct on Prevention of Insider Trading, etc. The draft letter of appointment is available on the Company's website at https://www.glandpharma.com.

Meeting of Independent Directors

Pursuant to Schedule IV of the Companies Act, 2013; the Independent Directors will meet without the presence of the management and non-executive directors. During the year under review, the three Independent Directors met once on 10th July, 2020. The Independent Directors inter alia discuss matters arising out of the agenda of the Board and Board committees, Company's performance, identify areas where they need clarity or information from management. They review the performance of the Board as a whole as well as that of Non-Independent Directors and the Chairman by considering the views of Executive and Non-Executive Directors. They also assess the quality, quantity, effectiveness and promptness of the flow of information between the Company's management and the Board. They periodically meet the Statutory Auditor and the Internal auditor without the presence of the management to understand the overall quality of audit, quality of financials, key financial matters and corrective actions to be taken for strengthening the internal controls of the Company and their general feedback.

Familiarisation Programme for Board Members Induction

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

Regular familiarisation

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

During FY 2020-21, the Company comprehensively updated the familiarisation programme to cover its enhanced initiatives and inclusion of brief topics discussed during FY 2020-21.

Board Evaluation

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

Board Evaluation Criteria

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

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

talent and leadership management, succession planning, operations and quality, etc. The Board and the NRC regularly reviews the progress on the KPIs. The evaluation report was also discussed at the meeting of the Board of Directors, committees and the Independent Directors.

The directors were satisfied with the Company's standard of governance, its transparency, meeting practices and overall Board effectiveness. In order to further strengthen the Board's effectiveness, the directors had inter alia, suggested to have interactive sessions with external consultants, etc. The Board's suggestions have been noted and taken up for implementation.

Succession Planning of the Board and Senior Management

The NRC reviews and manages the succession planning of top leadership positions in the Company. It defines the leadership competencies and takes suitable steps to build robust succession plans. The NRC reviewed the succession planning in its quarterly meetings and expressed its satisfaction on the progress and the status.

Board Meetings & Procedure

The Board and the Board committee meetings are pre-scheduled and an annual calendar of the meetings is circulated to the directors well in advance to facilitate planning of their schedule and to ensure meaningful participation in the Board and committee meetings. However, in case of urgent matters, the Board's approval is taken by passing resolutions by circulation. The Board, Audit Committee and the NRC are facilitated with the annual agenda plan in advance. The management team is invited to provide update on the Company's performance in key areas such as the major business segments, key functions and subsidiaries. The Chief Financial Officer is an invitee at all the Board meetings of the Company. The Company Secretary finalises the agenda for the meetings in consultation with the Chairman and the MD & CEO and the same is circulated to the Board/committee members in advance. With respect to the agenda for the committee meetings, the chairperson of the respective committee is consulted while finalising the agenda. In special and exceptional circumstances, additional item(s) are taken up as 'any other item' with the permission of the respective chairpersons and consent of majority of the Board / respective committee members present at the meeting. The agenda of the Board and committee meetings is circulated electronically.

Post-Meeting Follow-up System

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

Number of Board Meetings held

The Board of Directors met 10 times on 3rd June, 2020; 18th June, 2020; 10th July, 2020; 30th September, 2020; 22nd October, 2020; 31st October, 2020; 3rd November, 2020; 12th November, 2020; 17th November, 2020 and 22nd January, 2021.

Minutes of the Board & Committee meetings

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

Attendance of the Directors

Information about the attendance of directors at the Board meetings either in person or through video conference during FY 2020-21 and at the last Annual General Meeting (AGM) is stated below:

Sl. No.	Name of the Director	Particulars		
		No. of Board Meetings Director was entitled to attend	No. of Board Meetings Participated	Last AGM (21.09.2020)
1	Mr. Yiu Kwan Stanley Lau	10	10	No
2	Mr. Srinivas Sadu	10	10	Yes
3	Mr. Qiyu Chen	10	3	No
4	Mr. Wu Yifang	6	4	N.A
5	Mr. Dongming Li	10	9	No
6	Ms. Xiaohui Guan	10	9	No
7	Mr. Udo Johannes Vetter	10	9	No
8	Mr. Satyanarayana Murthy Chavali	10	10	No
9	Mr. Essaji Goolam Vahanvati	6	6	N.A
10	Mr. Moheb Ali Mohammed	4	3	No
11	Mr. Yiran Peng	4	4	No

Remuneration to Directors: The details of remuneration to directors during FY 2020-21 are given below:

Executive Director

(₹ in million)

Name of the Director	Salary	Commission	PF	Perquisites	Others*	Total
Mr. Srinivas Sadu	30.62	-	1.59	-	57.22	89.43

*Others include special bonus

Non-Executive Directors

(₹ in million)

Sl. No.	Name of the Director	Particulars of remuneration			Total amount
		Sitting fees	Commission	Others	
1.	**Independent directors**				
(i)	Mr. Moheb Ali Mohammed	0.30	0.74	-	1.04
(ii)	Mr. Satyanarayana Murthy Chavali	1.00	1.48	-	2.48
(iii)	Mr. Yiu Kwan Stanley Lau	1.00	4.43		5.43
(iv)	Mr. Essaji Goolam Vahanvati	0.60	-	-	0.60
2.	**Other Non-Executive Directors**				
(i)	Mr. Udo Johannes Vetter	0.90	-	-	0.90

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

The Non-Executive Directors do not have any pecuniary relationship or transactions with the Company during FY 2020-21, except their sitting fees for attending the Board and committee meetings. Other than Mr. Udo J Vetter, none of the Non-Executive Directors are paid Sitting fee, as they are employees of the Promoter group. The Non-Executive Directors are not entitled to stock options.

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

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

As per the shareholders resolution dated 24th May, 2019; Mr Srinivas Sadu was appointed as MD & CEO for a term of three years w.e.f. 25th April, 2019. Mr Srinivas Sadu is also eligible for 240,000 stock options over a period of 3 years ending December 31, 2021.

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

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

None of the Non-Executive Directors of the Company hold any Shares or Convertible instruments. As on 31st March, 2021; Mr. Srinivas Sadu holds 96,000 shares, exercised out of the vested options granted to him, under the Gland Pharma Employee Stock Option Scheme, 2019.

Board committees

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

Audit Committee:

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

Role of Audit Committee

The role of the Audit Committee is as per the terms of reference of the Audit Committee as approved by the Board of Directors, which are as follows:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, replacement, reappointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services other than the Statutory Audit rendered by the Statutory Auditors;
4. Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board of Directors for approval, with particular reference to:
    a) Matters required to be included in the Director's responsibility statement to be included in the Board's report, in terms of the Companies Act, 2013;
    b) Changes, if any, in accounting policies and practices and reasons for the same;
    c) Major accounting entries involving estimates based on the exercise of judgment by the management;
    d) Significant adjustments made in the financial statements arising out of audit findings;
    e) Compliance with listing and other legal requirements relating to financial statements;
    f) Disclosure of any related party transactions; and
    g) Qualifications and modified opinion(s) in the draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the Board of Directors for approval;
6. Examination of the financial statement and auditor's report thereon;
7. Monitoring the end use of funds raised through public offers and related matters;
8. Reviewing with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the issue document/prospectus/notice and making appropriate recommendations to the Board to take up steps in this matter;
9. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
10. Approval or any subsequent modification of transactions of the Company with related parties;
11. Scrutiny of inter-corporate loans and investments;
12. Valuation of undertakings or assets of the Company, wherever it is necessary;
13. Evaluation of internal financial controls and risk management systems;
14. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
15. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
16. Discussion with internal auditors of any significant findings and follow up there on;
17. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
18. Discussion with statutory auditors,internal auditors, secretarial auditors and cost auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
19. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
20. To review the functioning of the whistle blower mechanism;
21. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
22. Carrying out any other function as may be required / mandated as per the provisions of the Companies Act, 2013; Listing Agreements and/or any other applicable laws;
23. Reviewing the utilisation of loan and/or advances from investment by the holding company in the subsidiary exceeding ₹ 1000 million or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

The audit committee shall mandatorily review the following information:

(1) management discussion and analysis of financial condition and results of operations;

(2) statement of significant related party transactions (as defined by the Audit Committee), submitted by management;

(3) management letters / letters of internal control weaknesses issued by the statutory auditors;

(4) internal audit reports relating to internal control weaknesses; and

(5) the appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the Audit Committee.

(6) statement of deviations as and when becomes applicable:

(a) quarterly statement of deviation(s) submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Meetings of Audit Committee:

During the year under review, the Audit Committee met on 3rd June, 2020; 30th September, 2020 and 22nd January, 2021.

Composition and attendance of Audit Committee

Name of the Director	Position	Category	No. of Meetings attended
Mr. Moheb Ali Mohammed	Chairman (till 08.10.2020)	Independent Director	1
Mr. Satyanarayana Murthy Chavali	Chairman (w.e.f. 22.10.2020)	Independent Director	3
Mr. Essaji Goolam Vahanvati	Member (w.e.f. 22.10.2020)	Independent Director	1
Ms. Xiaohui Guan	Member	Non-Executive Director	3

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

The average attendance of the present members at the Audit Committee meetings during FY 2020-21 was 100%. The Chairman of the Committee could not be present at the last AGM held on 21st September, 2020.

Nomination and Remuneration Committee

Composition of the Nomination and Remuneration Committee:

The NRC currently comprises of four Non-Executive Directors, of whom two members including the Chairperson of the Committee are Independent Directors. The Committee is headed by Mr. Satyanarayana Murthy Chavali and has Mr. Essaji Goolam Vahanvati, Mr. Udo J Vetter and Mr. Li Dongming as its members. The Company Secretary of the Company is the secretary to the NRC. The composition of the Committee meets the requirements of Section 178 of the Companies Act, 2013 and the Listing Regulations.

Role of Nomination and Remuneration Committee:

The role of the NRC is as follows:

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

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

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

(ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(iii) remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

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

During the year under review, the Nomination and Remuneration Committee met 4 times on 3rd June, 2020; 30th September, 2020; 21st January, 2021 and 29th March, 2021.

Composition and attendance of Nomination and Remuneration Committee

Name of the Director	Position	Category	No. of Meetings attended
Mr. Moheb Ali Mohammed	Chairman (till 08.10.2020)	Independent Director	1
Mr. Satyanarayana Murthy Chavali	Chairman (w.e.f. 22.10.2020)	Independent Director	4
Mr. Essaji Goolam Vahanvati	Member (w.e.f. 22.10.2020)	Independent Director	2
Mr. Udo Johannes Vetter	Member	Non-Executive Director	2
Mr. Dongming Li	Member	Non-Executive Director	4

The average attendance of the present members at the Nomination and Remuneration Committee meetings during FY 2020-21 was 85.71%. The Chairman of the Committee could not be present at the last AGM held on 21st September, 2020.

Stakeholders' Relationship Committee and Share Transfer Committee (SRC)

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

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

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

Role of SRC:

(1) Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, notice for general meetings, etc.

(2) Review of measures taken for effective exercise of voting rights by shareholders.

(3) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.

(4) Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

During the year under review, the Stakeholders' Relationship and Share Transfer Committee met on 21st January, 2021.

Composition and attendance of Stakeholders' Relationship and Share Transfer Committee

Name of the Director	Position	Category	No. of Meetings attended
Mr. Satyanarayana Murthy Chavali	Chairman	Independent Director	1
Mr. Srinivas Sadu	Member	CEO & Managing Director	1
Mr. Li Dongming	Member (w.e.f. 22.10.2021)	Non-Executive Director	1
Mr. Yiran Peng	Member (till 10.10.2020)	Non-Executive Director	N.A

The average attendance of the present members at the Stakeholders' Relationship Committee and Share Transfer Committee meetings during FY 2020-21 was 100%.

Corporate Social Responsibility (CSR) Committee

Composition of the CSR Committee:

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

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

Role of CSR:

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

b. Recommending the amount of expenditure to be incurred, amount to be at least 2% of the average net profit of the Company in the three immediately preceding financial years;

c. Instituting a transparent monitoring mechanism for implementation of the corporate social responsibility projects or programs or activities undertaken by the Company;

d. Monitoring the corporate social responsibility policy from time to time and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;

e. Identifying corporate social responsibility policy partners and corporate social responsibility policy programmes;

f. Identifying and appointing the corporate social responsibility team of the Company including corporate social responsibility manager, wherever required; and

g. Performing such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company.

During the year under review, the Corporate Social Responsibility Committee met on 3rd June, 2020 and 16th March, 2021.

Composition and attendance of Corporate Social Responsibility Committee

Name of the Director	Position	Category	No. of Meetings attended
Mr. Moheb Ali Mohammed	Chairman (till 08.10.2020)	Independent Director	1
Mr. Srinivas Sadu	Chairman (w.e.f. 22.10.2020)	CEO & Managing Director	2
Mr. Yiran Peng	Member (till 10.10.2020)	Non-Executive Director	1
Mr. Li Dongming	Member (w.e.f. 22.10.2020)	Non-Executive Director	1
Mr. Essaji Goolam Vahanvati	Member (w.e.f. 22.10.2020)	Independent Director	1

The average attendance of the present members at the CSR Committee meetings during FY 2020-21 was 100%.

Risk Management Committee

Composition of the Risk Management Committee:

The Risk Management Committee currently comprises of two Directors, out of which Mr. Li Dongming, the Chairman of the Committee is a Non-Executive Director. Mr. Srinivas Sadu, MD & CEO and Mr. Ravi Shekhar Mitra, CFO are the members of the Committee. The Company Secretary of the Company is the secretary to the Risk Management Committee.

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

Role of Risk Management Committee:

a) Review the adequacy and effectiveness of various risk management initiatives of the organisation and approve appropriate risk management framework.

b) Provide directions to ensure effective implementation of various risk management practices across the organisation.

c) Review of Risk Register and Risk Profile (including mitigation plans) of the organisation.

d) Establishment of the risk management structure and authorizing roles and responsibilities for key stakeholders.

e) Allocating adequate resources for treating critical risks and (or) risk events.

f) To approve and periodically review the risk management policies of the Company's operations.

g) Monitor and review the risk management plan.

h) Review cyber security related matters.

i) Discharge such duties and functions as may be delegated to the Committee by the Board under the applicable laws from time to time.

During the year under review, the Risk Management Committee met on 21st January, 2021

Composition and attendance of Risk Management Committee			
Name of the Director	**Position**	**Category**	**No. of Meetings attended**
Mr. Dongming Li	Chairman	Non-Executive Director	1
Mr. Srinivas Sadu	Member	CEO & Managing Director	1
Mr. Ravi Shekhar Mitra	Member	CFO	1

The average attendance of the present members at the Risk Management Committee meetings during FY 2020-21 was 100%.

ESOP Compensation Committee

Composition of the ESOP Compensation Committee:

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

Role of ESOP Compensation Committee:

a. To act upon and implement the ESOP Scheme, 2019 (Scheme).

b. To grant options to employees or Directors of the Company as per the Scheme

c. To formulate from time to time any new Employee Stock Option scheme, subject to the Employee Stock Option Plan, 2019

d. To decide or modify or alter the terms and conditions of any new ESOPS Scheme

e. To take all such other acts, deeds and things as may be required to give effect for effective implementation of ESOP scheme or any other new scheme as may be formulated from time to time.

f. To make suggestions or recommendations to the Board of Directors as may be required from time to time about proposal for ESOPS.

g. To decide upon eligibility, grant of options, exercising options, ceasing of options, cancellation of options.

h. To allot shares to the Grantees upon exercise of their options

i. To take up any other matter relating to the present and future ESOP Scheme.

During the year under review, the ESOP Compensation Committee met 2 times on 21st January, 2021 and 16th March, 2021.

Composition and attendance of ESOP Compensation Committee			
Name of the Director	**Position**	**Category**	**No. of Meetings attended**
Mr. Satyanarayana Murthy Chavali	Chairman	Independent Director	2
Mr. Essaji Goolam Vahanvati	Member (w.e.f. 22.10.2020)	Independent Director	2
Mr. Udo Johannes Vetter	Member	Non-Executive Director	2
Mr. Dongming Li	Member	Non-Executive Director	2
Mr. Moheb Ali Mohammed	Member (till 08.10.2020)	Independent Director	-

Policies

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

Name of the Policy	Website link
Policy for Materiality and Disclosure	https://glandpharma.com/investors/corporate_governance
Policy on Related Party Transactions	https://glandpharma.com/investors/corporate_governance
Policy on Familiarisation programme for Independent Directors	https://glandpharma.com/investors/corporate_governance
Materiality policy on Litigations and Creditors	https://glandpharma.com/investors/corporate_governance
Board Diversity policy	https://glandpharma.com/investors/corporate_governance
Code of Conduct for Board of Directors and Senior Management	https://glandpharma.com/investors/corporate_governance
Policy on succession planning for Board and Senior Management	https://glandpharma.com/investors/corporate_governance
Nomination and Remuneration Policy	https://glandpharma.com/investors/corporate_governance
Dividend Distribution policy	https://glandpharma.com/investors/corporate_governance
Prohibition of Insider Trading Policy	https://glandpharma.com/investors/corporate_governance
Policy for evaluation of Independent Directors and Directors	https://glandpharma.com/investors/corporate_governance

Vigil Mechanism

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

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

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

Share Transfer System

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

Monitoring Governance of Subsidiary Companies

Pursuant to regulation 16(1)(c) of the Listing Regulations, the Company does not have any Material Subsidiaries as on March 31, 2021. The Company has only one subsidiary i.e., Gland Pharma International Pte. Ltd, a Wholly-owned subsidiary.

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

Unclaimed dividend and transfer of dividend and shares to IEPF

Pursuant to the provisions of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016; as amended, ('Rules'), the dividend which remains unclaimed or unpaid for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company and shares on which dividends are unclaimed or unpaid for a consecutive period of seven years or more are liable to be transferred to IEPF. The Company does not have any unclaimed dividends till date.

Other Disclosures

During FY 2020-21, there were no materially significant related party transactions ('RPTs') that may have potential conflict with the interests of the Company. All contracts, arrangements and transactions entered by the Company with related parties during FY 2020-21 were in the ordinary course of business and on an arm's length basis.

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

The Company has complied with the requirements of the stock exchanges, SEBI and other statutory authorities on all matters related to capital markets since listing of its shares in November, 2020 and accordingly no penalties or strictures were imposed on the Company by the stock exchanges, SEBI or any other statutory authority.

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

The Company does not enter into any derivative instruments for trading or speculative purposes. The details of foreign exchange exposures as on 31st March, 2021 are disclosed in Notes to the standalone financial statements.

Total fees for all services paid by the Company and its subsidiaries on a consolidated basis to the Statutory Auditor and all the entities in the network firm / network entity of which Statutory Auditor is a part are provided in Notes to the consolidated financial statements.

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

During FY 2020-21, the Company has raised funds through Initial Public Offer.

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

A certificate from a Company Secretary in practice that none of the directors are disqualified or debarred from being appointed or continuing as a director of the Company by Securities Exchange Board of India / Ministry of Corporate Affairs or any other authority is provided in **Annexure D** which forms part of this report. During FY 2020-21, the Board of Directors has accepted all the recommendations of the committees of the Board.

Disclosures on complaints under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 during FY 2019-20: -

Particulars	Number
Number of complaints filed during the financial year	1
Number of complaints disposed of during the financial year	1
Number of complaints pending as on 31st March, 2021	0

Shareholder Information and Communication:

Financial Results :

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

News and Media Release

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

Earning calls and presentations to Institutional Investors / Analysts :

The Company organises an earnings call with analysts and investors after the announcement of financial results. The transcript of the earnings call is also uploaded on the Company's website as well as filed with the stock exchanges where the securities of the Company are listed.

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

Compliance reports, corporate announcements, material information and updates:

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

Annual Report

The Annual Report for FY 2020-21 is uploaded on the Company's website and will be circulated to members and others entitled thereto in electronic mode. The Annual Report will also be submitted to the stock exchanges.

Website

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

General Body Meetings

Particulars of last three Annual General Meetings:

AGM	Year ended	Venue	Date	Time
42nd	31-03-2020	Sy. No. 143-148, 150 & 151, Near Gandimaisamma 'X' Roads, D.P. Pally, Dundigal, Dundigal-Gandimaisamma (M), Medchal-Malkjagiri Dist, Hyderabad – 500 043	21.09.2020	11.00 A.M
41st	31-03-2019	Sy. No. 143-148, 150 & 151, Near Gandimaisamma 'X' Roads, D.P. Pally, Dundigal, Dundigal-Gandimaisamma (M), Medchal-Malkjagiri Dist, Hyderabad – 500 043	30.09.2019	11.00 A.M
40th	31-03-2018	Flat No. 201, Greenland Apartments, Ameerpet, Hyderabad-500 016	17.09.2018	11.00 A.M

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

General Shareholder Information:

Date, Time and Venue of the AGM	Thursday, 26th August, 2021 at 11.00 a.m. The Company is conducting the annual general meeting through Video Conferencing / Other Audio-Visual means. For further details please refer to the Notice of AGM.
Financial Calendar	1st April to 31st March of the next calendar year
Tentative calendar for declaration of Financial Results in FY 2021-22	
For the quarter ending 30th June, 2021	21st July, 2021
For the quarter and half year ending 30th September, 2021	22nd October, 2021
For the quarter and nine months ending 31st December, 2021	21st January, 2022
For the fourth quarter and financial Year ending 31st March, 2022	19th May, 2022
• Trading window closure for financial results	From the 1st day from close of quarter till the completion of 48 hours after the UPSI becomes generally available
• Date of Book Closure	Thursday, 12th August, 2021 to Thursday, 26th August, 2021, both days inclusive
• Dividend and Dividend Payment Date	Not Applicable
Listing on Stock Exchanges	Equity Shares: 1. BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001 2. National Stock Exchange of India Limited, Exchange Plaza, Plot no. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051. The Company has paid the requisite annual listing fees to the National Stock Exchange of India Limited and BSE Limited for FY 2021-22.
Stock Code	543245 (BSE)
Symbol	GLAND (NSE)
ISIN Number for NSDL & CDSL	INE068V01023

Address for Correspondence:

For Individual Investors, Grievance and Secretarial matters

Sampath Kumar Pallerlamudi
Company Secretary and Compliance Officer
Tel: +91 8455699999 I Ext: 1194
E-mail: investors@glandpharma.com

For Institutional Investors & Financial Analysts

Sumanta Bajpayee
Vice President – Investor Relations
Tel: +91 8455699999 I Ext: 1413
E-mail: Sumanta.Bajpayee@glandpharma.com

Corporate Office:

Plot No. 11 & 84, TSIIC, Phase – IV,
Pashamylaram (V), Patancheru (M),
Sangareddy District, Hyderabad- 502 307

Registered Office:

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

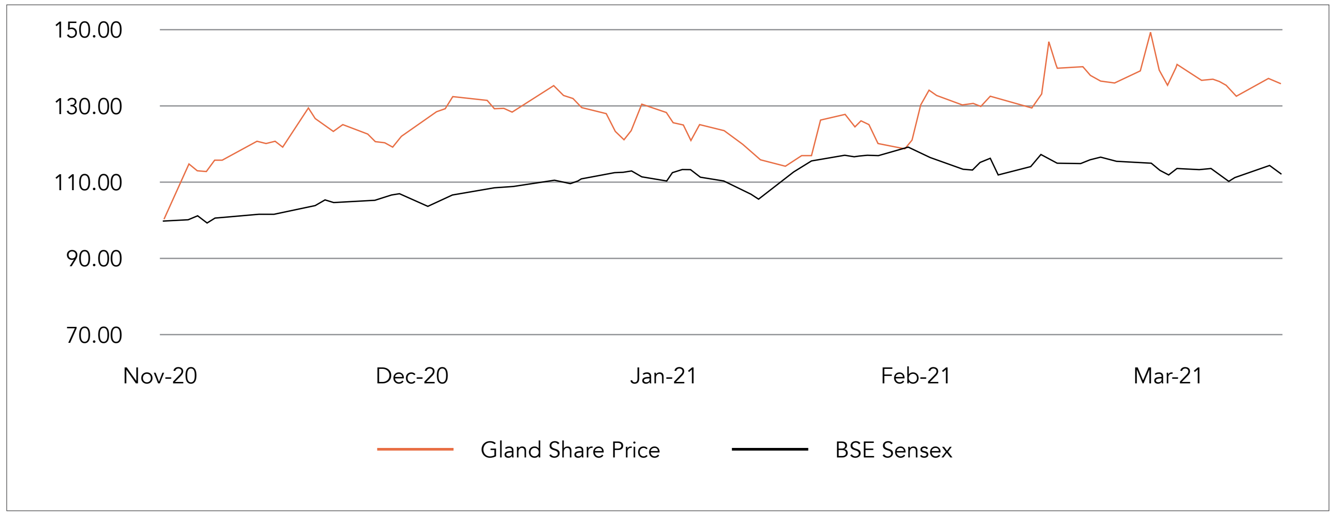
Persons holding 1% or more of the equity shares in the Company as on 31st March, 2021

Name	No. of Shares	%
Fosun Pharma Industrial Pte. Ltd	95,293,894	58.25
Gland Celsus Biochemicals Private Limited	10,047,435	6.14
SBI Mutual Fund and their associates	5,475,785	3.35
R P Advisory Services Private Limited (as trustee of the Empower Discretionary Trust)	4,291,986	2.62
Government Of Singapore	3,649,125	2.23
Axis Mutual Fund and their associates	3,096,224	1.89
Smallcap World Fund, Inc.	1,970,452	1.20
Motilal Oswal Fund and their associates	1,879,000	1.15
R P Advisory Services Private Limited (as trustee of the Nilay Discretionary Trust)	1,874,500	1.15

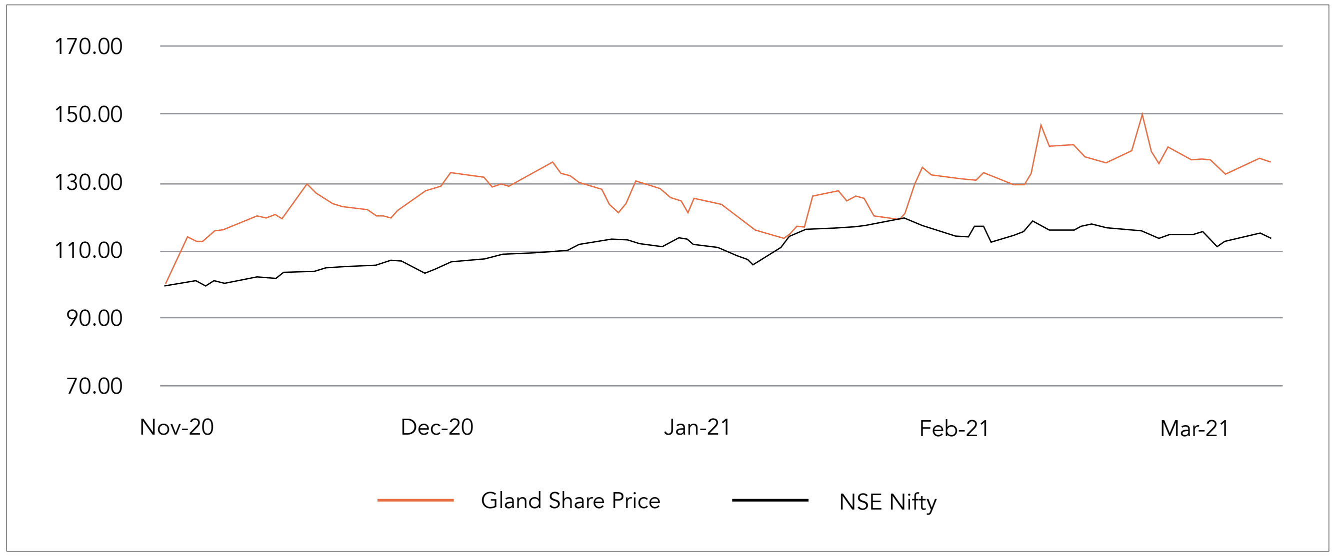
Market Price Data for the period from 20th November, 2020 to 31st March, 2021

Month FY 2020-21	BSE Limited			National Stock Exchange of India Limited		
	High	Low	Shares traded	High	Low	Shares traded
Nov-20	2,221.80	1,701.00	1,739,180	2,222.00	1,700.00	21,929,247
Dec-20	2,509.05	2,050.00	585,489	2,508.55	2,110.00	12,156,668
Jan-21	2,489.85	2,053.00	642,747	2,488.40	2,101.00	5,331,412
Feb-21	2,493.10	2,051.00	415,112	2,492.00	2,071.00	4,843,283
Mar-21	2,784.45	2,307.95	360,867	2,783.85	2,308.55	4,651,870

Performance in comparison to BSE SENSEX - FY 2020-21



Performance in comparison to NSE Nifty - FY 2020-21



Distribution of shareholding as on 31st March, 2021 (Class-wise distribution of equity shares)

Category	No. of Folios	% of Total	No. of shares	% of Total
1-5000	86,066	99.68	4,293,036	2.62
5001-10000	55	0.06	386,689	0.24
10001-20000	43	0.05	614,734	0.38
20001-30000	24	0.03	587,778	0.36
30001-40000	22	0.03	755,054	0.46
40001-50000	7	0.01	319,132	0.20
50000-100000	33	0.04	2,447,748	1.50
100001 & above	96	0.11	154,188,752	94.25
Total	86346	100.00	163,592,923	100.00

Dematerialisation of Shares and Liquidity

As on 31st March, 2021; 157,517,923 shares of the share capital was held in dematerialised form.

Break-up of shares held in physical and dematerialised form as on 31st March, 2021:

Shareholding	No. of Folios	% of total	No. of shares	% of Total
Physical Mode	11	0.01	6,075,000	3.71
Dematerialised Mode	86,335	99.99	157,517,923	96.29

Declaration of Compliance with the Code of Conduct

I hereby confirm that the Company has obtained from all the members of the Board and senior management personnel, affirmation that they have complied with the Code of Conduct laid down by the Company for the financial year ended 31st March, 2021.

For **Gland Pharma Limited**

Date: May 17, 2021
Place : Hyderabad

Srinivas Sadu
MD & CEO

Annexure A – Statutory details of Board of Directors

Name	Category	Original Date of Appointment	Tenure as on 31st March, 2021 (in years)	No. of Board meetings attended (total held in the FY 2020-21 during tenure)	Attendance at last AGM held on 21st September, 2020	No. of Directorships held in other Indian Listed companies as on 31st March, 2021	Name of other listed companies where he/she is a Director as on 31st March, 2021	No. of Committee memberships/ Chairpersonships held in other Indian public companies as on 31st March, 2021	
								Memberships	Chairpersonships
Yiu Kwan Stanley Lau	Independent Director	10-06-2019	1.8	10	No	NIL	NIL	NIL	NIL
Srinivas Sadu	MD & CEO	25-04-2019	1.9	10	Yes	NIL	NIL	NIL	NIL
Qiyu Chen	Non-Executive Non-Independent Director	03-10-2017	3.5	3	No	NIL	NIL	NIL	NIL
Yifang Wu	Non-Executive Non-Independent Director	10-10-2020	0.5	4	N.A	NIL	NIL	NIL	NIL
Dongming Li	Non-Executive Non-Independent Director	07-02-2018	3.2	9	No	NIL	NIL	NIL	NIL
Xiaohui Guan	Non-Executive Non-Independent Director	03-10-2017	3.5	9	No	NIL	NIL	NIL	NIL
Udo Johannes Vetter	Non-Executive Non-Independent Director	07-02-2018	3.2	9	No	NIL	NIL	NIL	NIL
Satyanarayana Murthy Chavali	Independent Director	20-11-2018	2.3	10	No	1	Balaji Amines Limited	1	NIL
Essaji Goolam Vahanvati	Independent Director	30-09-2020	0.5	6	N.A	NIL	NIL	NIL	NIL

ANNEXURE- B

To,
The Board of Directors
Gland Pharma Limited

Subject: Compliance Certificate on the financial statements/results (Standalone and Consolidated) for the quarter and year ended March 31, 2021 pursuant to Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements), 2015 as amended (the "Listing requirements")

A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. To the best of our knowledge and belief, no transactions were entered into by the Company during the year are fraudulent, illegal or violating the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We are not aware of any deficiencies in the design or operation of such internal controls to be disclosed to the auditors and audit committee.

D. We have indicated to the auditors and the Audit Committee:

1. there are no significant changes in internal controls over financial reporting during the year; and

2. there are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Yours truly,

Srinivas Sadu,
Managing Director and CEO
May 14, 2021

Ravi Shekhar Mitra
Chief Financial Officer
May 14, 2021

ANNEXURE- C

CERTIFICATE OF CORPORATE GOVERNANCE

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

To,
The Members of
Gland Pharma Limited
Hyderabad

We have examined all the relevant records of **Gland Pharma Limited** (the 'Company') for the purpose of certifying the compliance of the conditions of Corporate Governance by the Company as stipulated under Regulation 17 to 27, Clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('SEBI Listing Regulations') for the period commencing from **20th November, 2020** and ended on **31st March, 2021**. We have obtained all the information and explanations which are to the best of our knowledge and belief were necessary for the purpose of certification.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the period ended on 31st March, 2021.

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

For **RVR & Associates**
Company Secretaries

Dafthardar Soumya
Company Secretary in Practice
ACS No. 29312
C P No.: 13199
UDIN: A029312C000337873

Date: 17.05.2021
Place: Hyderabad

ANNEXURE- D

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,
The Members of
Gland Pharma Limited
Sy.No.143-148,150 &151, Near Gandi Maisamma X Roads, D.P.pally,
Dundigal, Dundigal - Gandimaisamma(M),
Medchal - Malkajgiri District, Telangana - 500043

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Gland Pharma Limited having CIN: U24239TG1978PLC002276 and having registered office at Sy.No.143-148,150&151,Near Gandimaisamma 'X' Roads, D.P.Pally, Dundigal, Dundigal - Gandimaisamma(M), Medchal - Malkajgiri District, Telangana - 500043 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Director Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

S. No.	Name of Directors	DIN	Date of Appointment in the Company
1	SATYANARAYANA MURTHY CHAVALI	00142138	20/11/2018
2	ESSAJI GOOLAM VAHANVATI	00157299	30/09/2020
3	UDO JAHANNES VETTER	00707474	07/02/2018
4	SRINIVAS SADU	06900659	25/04/2019
5	QIYU CHEN	07675421	03/10/2017
6	XIAOHUI GUAN	07675466	03/10/2017
7	YIFANG WU	07675478	10/10/2020
8	LI DONGMING	08047543	07/02/2018
9	YIU KWAN STANLEY LAU	08455325	10/06/2019

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

For **RVR & Associates**
Company Secretaries

D Soumya
Company Secretary in Practice
M No: 29312
C.P. No.: 13199
UDIN: A029312C000341437

Date: 17.05.2021
Place: Hyderabad

Directors' Report

Dear Members,

Your Directors take pleasure in presenting the 43rd Annual Report on the performance of the Company, along with the audited Standalone and Consolidated Financial Statements for the Year ended 31st March, 2021.

CORPORATE AFFAIRS & FINANCIAL HIGHLIGHTS

Financial Highlights

(₹ in million)

Particulars	Standalone Year Ended 2020-21	Consolidated Year Ended 2020-21	Standalone Year Ended 2019-20
Income	35,976.52	35,976.52	27,724.08
Profit Before Interest, Depreciation and Tax	14,370.43	14,370.01	10,946.35
Finance cost	(34.11)	(34.11)	(71.82)
Profit Before Depreciation and Tax	**14,336.32**	**14,335.90**	**10,874.53**
Depreciation	(987.80)	(987.80)	(945.87)
Profit Before Exceptional Items and Tax	**13,348.52**	**13,348.10**	**9,928.66**
Exceptional Items	-	-	-
Profit Before Tax	**13,348.52**	**13,348.10**	**9,928.66**
Provision for Taxation			
Current tax	(3,394.46)	(3,394.46)	(2,513.97)
Deferred tax	(1.20)	(1.20)	318.21
Taxes for earlier years	17.19	17.19	(4.32)
Profit After Tax	**9,970.05**	**9,969.63**	**7,728.58**
Less : Total other Comprehensive Income / (Loss) for the year, net of tax	(8.71)	(8.72)	(52.20)
Total Comprehensive Income for the year, net of tax	**9,961.34**	**9,960.91**	**7,676.38**
Earnings Per Share (₹)			
(for Equity share of ₹ 1/- each)			
Basic	63.07	63.07	49.88
Diluted	62.99	62.99	49.88

Note: As FY 2020-21 is the first year for Consolidated Financial Reporting, the Financials for FY 2019-20 represents both Standalone and Comparative Consolidated Figures.

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

The Annual Return of the Company as on March 31, 2021 is available on the Company's website and can be accessed at https://glandpharma.com/investors/shareholder_information

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

During the year under review, the Board of Directors met 10 times on 3rd June, 2020; 18th June, 2020; 10th July, 2020; 30th September, 2020; 22nd October, 2020; 31st October, 2020; 3rd November, 2020; 12th November, 2020; 17th November, 2020 and 22nd January, 2021.

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

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

a) in preparation of the annual accounts for the year ended 31st March, 2021; the applicable accounting standards have been followed along with proper explanations relating to material departures, if any.

b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 and of the profit of the Company for the year ended on that date.

c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) they have prepared the annual accounts on a going concern basis.

e) they have laid down proper internal financial controls to be followed by the Company and they were adequate and operating effectively and

f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

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

All the Independent Directors of the Company have given declarations confirming that they continue to meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The independent directors have also confirmed compliance with the Code of conduct laid down under Schedule IV of the Companies Act, 2013.

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

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

a) their qualification

b) past record, especially their credentials and achievements, experience, past remuneration

c) job profile and suitability

d) comparative remuneration with the industry in line with size and profits of the Company

e) their pecuniary relationship with the promoters.

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

a) their qualification

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

c) expertise in similar industry

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

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

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

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

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

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

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

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

During the year under review, the Company did not extend any Loans or Guarantees as covered under the provisions of Section 186 of the Companies Act, 2013. The Company has incorporated a subsidiary in Singapore and has invested US$ 75,000/- in that Wholly-owned Subsidiary. The details are also provided in Note No. 5 to the standalone financial statements.

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

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

The details of the Related Party transactions were provided in **Annexure D** to this Report. The policy on materiality of Related Party transactions and on dealing with Related Party transactions as approved by the Board of Directors is available on the Company's website and can be accessed at https://glandpharma.com/images/Policy_on_related_party.pdf

Members may refer to Note 36 to the Standalone Financial Statement which sets out related party disclosures pursuant to Ind AS.

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

Research and Development

R&D is another focus area for Gland. Led by Dr. C.S. Venkatesan and Dr. S. Sridevi, each with over 2 decades of experience, Gland has a team of close to 270 scientists working in the areas of:

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

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

Performance and Operations Review

During the year, the total income of the Company was ₹ 35,976.52 million as against ₹ 27,724.08 million during the previous year reflecting a growth of 29.77%.

Exports

Exports contribution to the revenue of the Company is approximately 84%. Your Company exports to almost 60 countries across 6 continents. During the year, the Company has achieved an export turnover of ₹ 29,064.51 million and Export incentives of ₹ 392.39 million.

Domestic Operations

The Domestic sales during the year 2020-21 amounts to ₹ 5,171.86 million. Domestic sales include Co-Marketing, which is a major revenue source for your Company in Domestic segment.

Taxation

The Company has made an Income Tax provision of ₹ 3,394.46 million for the period under review as against ₹ 2,513.97 million for the previous year.

Borrowings

The Company has no outstanding borrowings as on date of this Report. However, outstanding amount of Deferred Sales tax amounting to ₹ 40.69 million was classified as borrowings as per Indian Accounting Standards.

Capital Expenditure

During the year under review, the Company has incurred capital expenditure of ₹ 2,287.76 million at its manufacturing facilities at Dundigal, Pashamylaram, VSEZ and Pharmacity.

Share Capital

During the year under review, the Company has issued and allotted 8,333,333 fully paid-up equity shares in the Initial Public Offer during November, 2020. The Company has also issued and allotted 310,100 fully paid-up equity shares to its employees under the Employee Stock Option Scheme, 2019. Consequently, the issued, subscribed and paid-up share capital of the Company was increased from ₹ 154,949,490/- (divided into 154,949,490 equity shares of ₹ 1/- each) to ₹ 163,592,923/- (divided into 163,592,923 equity shares of ₹ 1/- each). The equity shares issued under the Employee Stock Option Scheme, 2019 rank pari-passu with the existing equity shares of the Company.

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

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

Dividends [Section 134(3)(k)]

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

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

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

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

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

Employee Stock Option Scheme

The Company has an Employee Stock Option Scheme, namely 'Gland Pharma Employee Stock Option Scheme, 2019' (ESOP Scheme, 2019) that helps the Company to retain and attract the right talent. The ESOP Compensation Committee administers the ESOP Scheme. There was no change in the ESOP Scheme during the year under review. The ESOP Scheme is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (SBEB Regulations). Details of the Employee Stock Option Scheme-2019 have also been provided in Note No. 34 of the standalone financial statement. During FY 2020-21, no employee was issued options equal to or exceeding 1% of the issued share capital of the Company at the time of grant.

In compliance with the requirements of the SBEB Regulations, a certificate from auditors confirming implementation of ESOP Scheme in accordance with the said regulations and shareholders' resolution will be available electronically for inspection by the members during the annual general meeting of the Company.

Details of the shares issued under ESOP scheme and the disclosures in compliance with SEBI Regulations, are uploaded on the Company's website at https://glandpharma.com/investors/shareholder_information

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

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

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

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

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

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

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

The Corporate Social Responsibility policy of the Company can be accessed at https://glandpharma.com/investors/corporate_governance

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

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

The policy on evaluation of Independent Directors and Directors of the Company can be accessed at https://glandpharma.com/investors/corporate_governance

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

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

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

Directors

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

(i) Pursuant to the provisions of Sections 149 and 152 of the Companies Act, 2013 and the recommendation of the Nomination and Remuneration Committee, Mr. Wu Yifang was appointed as additional Director on 30th September, 2020. The Members of the Company in their Extraordinary General Meeting held on 21st October, 2020 appointed Mr. Wu Yifang as Non-Executive Nominee Director (change in designation from Additional Director to Director).

(ii) Mr. Moheb Ali ceased to be a Director with effect from 8th October, 2020 due to his unfortunate and untimely demise.

(iii) Mr. Peng Yiran resigned as Director with effect from 10th October, 2020 consequent to his decision to persue better opportunities outside Fosun Pharma. He confirmed that there were no other material reasons for his resignation.

(iv) Pursuant to the provisions of Sections 149, 150 and 152 of the Companies Act, 2013 and the recommendation of the Nomination and Remuneration Committee, and after considering his integrity, proficiency in Law, expertise and experience; Mr. Essaji Goolam Vahanvati has been appointed as an Additional Director and designated as Independent Director by the Board of Directors on 30th September, 2020. The Members of the Company in their Extraordinary General Meeting held on 21st October, 2020 appointed Mr. Essaji Goolam Vahanvati as Director (change in designation from Additional Director to Director) and Independent Director for a period of five years with effect from 30th September, 2020.

(v) As per the provisions of Section 152 of the Companies Act, 2013 read with Articles of Association of the Company; Mr. Srinivas Sadu, Managing Director and Mr.Li Dongming, Director retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Based on the recommendation of the Nomination and Remuneration Committee, the Board recommends the re-appointment of Mr. Srinivas Sadu and Mr. Li Dongming as Directors, liable to retire by rotation.

(vi) Pursuant to the provisions of Sections 149,150 and 152 of the Companies Act, 2013 and the recommendation of the Nomination and Remuneration Committee, the Board of Directors appointed Ms. Naina Lal Kidwai as an Additional Director and Independent Director for a period of five years on 17th May, 2021. The Board recommends the appointment of Ms. Naina Lal Kidwai as Director (change in designation from Additional Director to Director) and Independent Director for a period of five years with effect from 17th May, 2021.

(vii) Pursuant to the provisions of Sections 149 and 152 of the Companies Act, 2013 and the recommendation of the Nomination and Remuneration Committee, the Board of Directors appointed Dr. Allen Zhang as an Additional Director on 17th May, 2021. The Board recommends the appointment of Dr. Allen Zhang as Director liable to retire by rotation.

The Board recommends the aforementioned appointments for approval of the members at the ensuing Annual General Meeting. Brief profile, expertise in specific functional areas, names of the listed companies in which the above-named directors hold directorships, committee memberships/ chairmanships, disclosure of relationship between directors inter-se, shareholding in Gland Pharma, etc., are furnished in the Notice of the ensuing Annual General Meeting.

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

During the year under review, the Company has incorporated 'Gland Pharma International Pte. Ltd., a Wholly-owned Subsidiary in Singapore.

Gland Pharma Limited is a subsidiary of Fosun Pharma Industrial Pte. Ltd., a Singapore company, which holds approximately 58.25% of shareholding in Gland Pharma Limited.

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

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

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

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

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

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

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

The Company appointed M/s. Y. Raghuram & Co., Chartered Accountants as Internal Auditors of the Company. The Company has laid down an adequate system of internal controls, policies and procedures for ensuring orderly and efficient conduct of the business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures.

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

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

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

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

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

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

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

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

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

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

Management Discussion and Analysis Report

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

Business Responsibility Report

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

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

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

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

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

Secretarial Standards

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

Auditors

Statutory Auditors

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

Secretarial Auditors

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

Committees of the Board of Directors

a) Audit Committee [Section 177]

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

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

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

During the year under review, the Audit Committee met on 3rd June, 2020, 30th September, 2020 and 22nd January, 2021.

Composition and attendance of Audit Committee

Name of the Director	Position	Category	No. of Meetings attended
Mr. Moheb Ali Mohammed	Chairman (till 08.10.2020)	Independent Director	1
Mr. Satyanarayana Murthy Chavali	Chairman (w.e.f. 22.10.2020)	Independent Director	3
Mr. Essaji Goolam Vahanvati	Member (w.e.f. 22.10.2020)	Independent Director	1
Ms. Xiaohui Guan	Member	Non-Executive Director	3

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

b) Nomination and Remuneration Committee [Section 178]

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

During the year under review, the Nomination and Remuneration Committee met 4 times on 3rd June, 2020; 30th September, 2020; 21st January, 2021 and 29th March, 2021.

Composition and attendance of Nomination and Remuneration Committee

Name of the Director	Position	Category	No. of Meetings attended
Mr. Moheb Ali Mohammed	Chairman (till 08.10.2020)	Independent Director	1
Mr. Satyanarayana Murthy Chavali	Chairman (w.e.f. 22.10.2020)	Independent Director	4
Mr. Essaji Goolam Vahanvati	Member (w.e.f. 22.10.2020)	Independent Director	2
Mr. Udo Johannes Vetter	Member	Non-Executive Director	2
Mr. Dongming Li	Member	Non-Executive Director	4

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

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

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

During the year under review, the Corporate Social Responsibility Committee met on 3rd June, 2020 and 16th March, 2021.

Composition and attendance of Corporate Social Responsibility Committee

Name of the Director	Position	Category	No. of Meetings attended
Mr. Moheb Ali Mohammed	Chairman (till 08.10.2020)	Independent Director	1
Mr. Srinivas Sadu	Chairman (w.e.f. 22.10.2020)	CEO & Managing Director	2
Mr. Yiran Peng	Member (till 10.10.2020)	Non-Executive Director	1
Mr. Li Dongming	Member (w.e.f. 22.10.2020)	Non-Executive Director	1
Mr. Essaji Goolam Vahanvati	Member (w.e.f. 22.10.2020)	Independent Director	1

d) Stakeholders' Relationship and Share Transfer Committee

The Company has constituted the 'Stakeholders' Relationship and Share Transfer Committee' during February 2020 for resolving the grievances of the security holders of the Company including complaints related to transfer / transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, notice for general meetings, etc. and for review of measures taken for effective exercise of voting rights by shareholders.

During the year under review, the Stakeholders' Relationship and Share Transfer Committee met on 21st January, 2021.

Composition and attendance of Stakeholders' Relationship and Share Transfer Committee

Name of the Director	Position	Category	No. of Meetings attended
Mr. Satyanarayana Murthy Chavali	Chairman	Independent Director	1
Mr. Srinivas Sadu	Member	CEO & Managing Director	1
Mr. Li Dongming	Member (w.e.f. 22.10.2020)	Non-Executive Director	1
Mr. Yiran Peng	Member (till 10.10.2020)	Non-Executive Director	N.A

e) Risk Management Committee

The Company has constituted the 'Risk Management Committee' during February 2020 for fulfilling the Board of Directors' corporate governance oversight responsibilities with regard to the identification, evaluation and mitigation of strategic, operational, and external environment risks. The Committee shall undertake an overall responsibility for monitoring and approving the enterprise risk management framework and associated practices of the Company.

During the year under review, the Risk Management Committee met on 21st January, 2021.

Composition and attendance of Risk Management Committee

Name of the Director / Officer	Position	Category	No. of Meetings attended
Mr. Dongming Li	Chairman	Non-Executive Director	1
Mr. Srinivas Sadu	Member	CEO & Managing Director	1
Mr. Ravi Shekhar Mitra	Member	CFO	1

Details of remuneration to Executive Directors and KMPs

(₹ in million)

Name of the Director / KMP	Salary	Commission	PF	Perquisites	Others	Total
Mr. Srinivas Sadu	30.62	-	1.59	-	57.22*	89.43
Mr. Ravi Shekhar Mitra	9.13	-	0.51	-	17.84#	27.48
Mr. P. Sampath Kumar	3.15	-	0.17	-	7.2*	10.52

*Others include special bonus and fair value on grant date, of stock options granted during FY 2020-21. These options vest in 3 years subject to conditions.

Others include special bonus only and no Stock options

Non-Executive Directors

The Company does not pay any remuneration to Non-Executive Directors, except sitting fees for attending the Board of Directors Meetings, reimbursement of travelling and out of pocket expenses for attending such meetings.

Independent Directors

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

(₹ in million)

Name of the Director	Commission	Sitting fee	Total
Mr. Yiu Kwan Stanley Lau	4.43	1.00	5.43
Mr. Moheb Ali Mohammed	0.74	0.30	1.04
Mr. Satyanarayana Murthy Chavali	1.48	1.00	2.48
Mr. Essaji Goolam Vahanvati	-	0.60	0.60

Corporate Governance

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

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

Human Resources

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

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

Acknowledgements

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

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

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

For and on behalf of the Board

Srinivas Sadu
Managing Director & CEO
DIN: 06900659

Satyanarayana Murthy Chavali
Independent Director
DIN: 000142138

Place: Hyderabad
Date: 17-May-2021

ANNEXURE – A

(TO THE DIRECTORS' REPORT)

DIVIDEND DISTRIBUTION POLICY

PREAMBLE AND BACKGROUND

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

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

DIVIDEND DISTRIBUTION PHILOSOPHY

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

OBJECTIVE

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

Brief Outline of the Objectives

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

3. SCOPE, LAW AND REGULATION OF DIVIDEND

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

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

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

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

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

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

4. GENERAL TERMS

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

Free Reserves: The word "Free reserves" has been defined by Section 2(43) of Companies Act, 2013 to mean such reserves which, as per the latest audited balance sheet of a company, are available for distribution as dividend. However the following shall not be treated as free reserves: any amount representing unrealized gains, notional gains or revaluation of assets, whether shown as a reserve or otherwise, or any change in carrying amount of an asset or of a liability recognized in equity, including surplus in profit and loss account on measurement of the asset or the liability at fair value, shall not be treated as free reserves.

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

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

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

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

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

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

Trading Window: In terms of regulation 2(1) (n) of SEBI (Prohibition of Insider Trading), Regulations, 2015; declaration of dividends (interim or final) shall be treated as "Unpublished Price Sensitive Information" hence company shall comply with norms / compliances of trading window read with the Company's insider Trading Policy viz., Code of Conduct for Regulating, Monitoring and Reporting of Trading by Insiders pursuant to regulation 9 of SEBI (Prohibition of Insider Trading), Regulations, 2015.

5. PARAMETERS FOR DECLARATION OF DIVIDEND

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

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

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

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

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

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

7. CONFLICT IN POLICY

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

8. MODIFICATION OF THE POLICY

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

9. REVIEW AND DISCLOSURE OF POLICY

The Board may review the Dividend Distribution Policy of the Company periodically and may make revisions or changes in the existing policy at any time during the year, if required. The Dividend Distribution Policy shall be disclosed in the Annual Report of the Company and placed on the Company's website.

10. UTILISATION OF RETAINED EARNINGS

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

11. MODE OF PAYMENT

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

12. PARAMETERS WITH REGARD TO VARIOUS CLASSES OF SHARES

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

ANNEXURE – B

(TO THE DIRECTORS' REPORT)

Companies / Bodies Corporate which became / ceased to be Company's Subsidiaries, Joint Ventures or Associate Companies as per the provisions of the Companies Act, 2013:

1. **Companies / Bodies Corporate which became Subsidiaries during the financial year 2020-21:**

Sl. No	Name of the Company / Body Corporate
1.	Gland Pharma International Pte. Ltd

2. **Companies / Bodies Corporate which ceased to be Subsidiaries during the financial year 2020-21:**

   NIL

3. **Companies / Bodies Corporate which became Joint Ventures or Associates during the financial year 2020-21:**

   NIL

4. **Companies / Bodies Corporate which have ceased to be Joint Venture or Associate during the financial year 2020-21:**

   NIL

For and on behalf of the Board

Srinivas Sadu
Managing Director & CEO
DIN: 06900659

Satyanarayana Murthy Chavali
Independent Director
DIN: 000142138

Place: Hyderabad
Date: 17-May-2021

ANNEXURE – C

(TO THE DIRECTORS' REPORT)

FORM AOC-1

PART-A: SUBSIDIARIES INFORMATION

Sl. No	Particulars	Details
1.	Name of the Subsidiary	Gland Pharma International Pte. Ltd
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	10-03-2021 to 31-03-2021 (The financial year for the subsidiary is 1st April to 31st March; but the subsidiary was incorporated on 10th March, 2021)
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	US$ (1 US$ = ₹ 73.0425)
4.	Share capital	75,000
5.	Reserves & Surplus	(5,737)
6.	Total Assets	78,831
7.	Total Liabilities	9,568
8.	Investments	-
9.	Turnover	-
10.	Profit / (Loss) before taxation	(5,737)
11.	Provision for taxation	-
12.	Profit / (Loss) after taxation	(5,737)
13.	Proposed Dividend	-
14.	% of shareholding	100%

The above subsidiary is yet to commence its commercial operations as on 31st March, 2021

PART-B: ASSOCIATES AND JOINT VENTURES

The Company does not have any Associates or Joint Ventures during the financial year 2020-21.

For and on behalf of the Board

Srinivas Sadu
Managing Director & CEO
DIN: 06900659

Satyanarayana Murthy Chavali
Independent Director
DIN: 000142138

Place: Hyderabad
Date: 17-May-2021

ANNEXURE – D

(TO THE DIRECTORS' REPORT)

Form No. AOC-2

[Pursuant to clause (h) of sub-section (3) of section134 of the Act and
Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Section 188(1) of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis : NIL

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

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

There were no material contracts or arrangements or transactions made with the Related Parties during the Financial Year 2020-21.

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

Appropriate approvals have been taken for related party transactions.

For and on behalf of the Board

Srinivas Sadu
Managing Director & CEO
DIN: 06900659

Satyanarayana Murthy Chavali
Independent Director
DIN: 000142138

Place: Hyderabad
Date: 17-May-2021

ANNEXURE – E

(TO THE DIRECTORS' REPORT)

CSR REPORT

Format For The Annual Report on CSR Activities to be included in the Board's Report For Financial Year commencing on or after 1st Day of April, 2020

1. Brief outline on CSR Policy of the Company

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

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

The Objective of the Gland CSR Policy is to:

(i) Ensure an increased commitment at all levels in the organisation, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders.

(ii) To directly or indirectly take up programs that benefit the communities, preferably but not necessarily in & around its Plants and offices.

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

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

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

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

2. Composition of CSR Committee:

Sl. No	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Srinivas Sadu	Chairman of CSR Committee (since 22.10.2020) /MD & CEO	2	2
2.	Mr. Li Dongming	Member of the CSR Committee (since 22.10.2020) / Non-Executive Director	2	1
3.	Mr. Essaji Goolam Vahanvati	Member of the CSR Committee (since 22.10.2020) / Independent Director	2	1
4.	Mr. Moheb Ali Mohammed	Chairman of the CSR Committee (till 8.10.2020) / Independent Director	2	1
5.	Mr. Peng Yiran	Member of the CSR Committee/ Non-Executive Director (till 10.10.2020)	2	1

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

www.glandpharma.com/csr

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

Not Applicable

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

Sl. No	Financial Year	Amount available for set-off from preceding financial years (in ₹ million)	Amount required to be set-off for the financial year, if any (in ₹ million)
1	2020-21	NIL	NIL
	Total		

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

₹ 7,211.30 million

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

₹ 144.23 million

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

NIL

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

NIL

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

₹ 144.23 million

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

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹ million)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
100.47	43.76	30.04.2021	Not Applicable	-	-

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

Sl. No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project duration	Amount allocated for the project (in ₹ million)	Amount spent in the current financial Year (in ₹ million)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹ million)	Mode of Implementation - Direct (Yes/ No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1.	Gland Pharma Centre for Elderly Eye Care	Promoting Health Care including Preventive Health Care	Yes	Telangana/	Hyderabad	3 years	63.20	27.40	35.80	No	Hyderabad Eye Institue, Operating Trust of LV Prasad Eye Institute	
2.	Construction of Primary School	Promoting Education	Yes	Telangana /	Hyderabad	1.5 years	12.80	4.84	7.96	No	Gland-Fosun Foundation	
	Total						76.00	32.24	43.76			

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in ₹ million)	Mode of implementation - Direct (Yes/ No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration number
1.	Happiness Kits to School children (in lieu of Free Breakfast programme, due to closure of schools in view of COVID-19 Pandemic)	Promotion of Education and Eradication of Hunger	Yes	Telangana / Medchal-Malkajgiri and Sangareddy districts Andhra Pradesh / Vizag		14.47	No	The Akshayapatra Foundation	
2.	Construction / Renovation of School Buildings	Promotion of Education	Yes	Telangana / Medchal-Malkajgiri and Sangareddy districts		3.95 0.6	Yes No	Gland-Fosun Foundation	
3.	Sponsorship of Teachers and support staff in Government Schools	Promotion of Education	Yes	Telangana / Medchal-Malkajgiri and Sangareddy districts		0.86	No	Gland-Fosun Foundation	
4.	Sponsorship of Education to poor students	Promotion of Education	Yes	Telangana / Medchal-Malkajgiri and Sangareddy districts		0.43	No	Gland-Fosun Foundation	

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Sl. No	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project State District	Amount spent for the project (in ₹ million)	Mode of implementation - Direct (Yes/ No)	Mode of implementation - Through implementing agency Name	CSR Registration number
5.	COVID-19 – Distribution of Masks, face-shields, Thermometers, etc.	disaster management, including relief	Yes	Telangana / Medchal-Malkajgiri and Sangareddy districts Andhra Pradesh / Vizag	4.79	No	Gland-Fosun Foundation	
6.	COVID-19-Contribution to District Collector, Vizag	disaster management, including relief	Yes	Andhra Pradesh / Vizag	2.00	Yes		
7.	COVID-19-Distribution of dry ration kits and cooked food	disaster management, including relief	Yes	Telangana / Hyderabad	12.22 5.34	No No	Arunodaya Trust Gland-Fosun Foundation	
8.	Comprehensive Health Plan for Socio-Economic Challenged Children	Promoting Healthcare including Preventive Healthcare	Yes	Telangana / Hyderabad	8.78	No	Gland-Fosun Foundation	
9.	Construction of Operation Theatre in Lions Club Eye Hospital	Promoting Healthcare including Preventive Healthcare	Yes	Telangana / Hyderabad	2.00	No	Gland-Fosun Foundation	
10.	Construction of additional class rooms and purchase of Non-woven Bag making Machine to Swayamkrushi-School for Mentally challenged women	Empowering women, setting up homes and hostels for women and orphans	Yes	Telangana / Hyderabad	5.10	No	Gland-Fosun Foundation	
11.	Community Cattle shed	Rural Development	Yes	Telangana / Siddipet	2.00	No	Bala Vikasa Social Service Society	
12.	Laying of road in village	Rural Development	Yes	Telangana / Medchal-Malkajgiri	0.36	No	Gland-Fosun Foundation	
13.	Adoption of Animals in Zoo	protection of flora and fauna, animal welfare	Yes	Telangana / Hyderabad	2.00	No	Gland-Fosun Foundation	
				TOTAL	**64.90**			

(d) Amount spent in Administrative Overheads

₹ 3.33 million

(e) Amount spent on Impact Assessment, if applicable : NIL

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) – ₹ 144.23 million

(g) Excess amount for set-off, if any : NIL

Sl. No	Particular	Amount (in ₹ million)
(i)	Two percent of average net profit of the Company as per section 135(5)	144.23
(ii)	Total amount spent for the Financial Year	144.23
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set-off in succeeding financial years [(iii)-(iv)]	NIL

9. A) Details of Unspent CSR amount for the preceding three financial years: Not Applicable

B) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not Applicable

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year – Not applicable

(asset-wise details).

(a) Date of creation or acquisition of the capital asset(s).

(b) Amount of CSR spent for creation or acquisition of capital asset.

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address, etc.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):

Total amount spent was ₹ 100.47 million and ₹ 43.76 million was transferred to unspent CSR account as per section 135(5)

Srinivas Sadu
(MD & CEO and Chairman of CSR Committee).

Essaji Goolam Vahanvati
(Independent Director and Member of CSR Committee).

ANNEXURE – F

(TO THE DIRECTORS' REPORT)

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2021

Form No. MR-3

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of Companies (Appointment and Remuneration Personnel Rules), 2014]

To,
The Members,
Gland Pharma Limited
Sy.No.143-148,150 &151, Near Gandimaisamma 'X' Roads
D.P.Pally, Dundigal, Dundigal - Gandimaisamma(M)
Medchal - Malkajgiri District
Hyderabad-500 043
Telangana.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Gland Pharma Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of **Gland Pharma Limited's** books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on **31st March, 2021** ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minutes books, forms and returns filed and other records maintained by Company for the Financial Year ended on 31st March, 2021 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 Rules and Regulations made thereunder to the extent of Foreign Direct Investment.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(b) Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2018;

(c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(d) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(e) *The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/ SEBI (Share Based Employee Benefits) Regulations, 2014;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; – (**Not Applicable to the Company during the Audit Period**)

(h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - (**Not Applicable to the Company during the Audit Period**) and

(i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - (**Not Applicable to the Company during the Audit Period**)

*The Company had implemented the Gland Pharma ESOP Scheme, 2019 prior to the IPO. The Scheme was prepared in line with SEBI (Share Based Employee Benefits) Regulations, 2014. At the time of In-principle approval, the Company has given an undertaking to the Stock Exchange for compliance with all regulations/ rules/ circulars as per the SEBI (Share Based Employee Benefits) Regulations, 2014.

(vi) **We further report that**, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

(a) The Drugs and Cosmetics Act, 1940

(b) The Narcotic Drugs and Psychotropic Substances Act, 1985

(c) The Drugs (prices control) order, 2013

We have also examined compliance with the applicable clauses of the following

(i) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India; and

(ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

As on 31st March, 2021 the Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non- Executive Directors and Independent Directors.

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act and Listing Regulations.

Adequate notice was given to all directors to schedule the Board meetings, agenda and detailed notes on agenda were sent atleast seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the period under review, resolutions were carried out through majority decisions. As confirmed by the Management, there were no dissenting views expressed by any of the members on any business transacted at the Meetings held during the period under review.

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

We further report that the following are the major events happened during the period under review:

1. The Board has passed the resolution for issue of Bonus shares on 03rd June, 2020 and same has been rescinded on 10th July, 2020.
2. In an Extra-Ordinary General Meeting held on 23rd June, 2020, the Company had adopted a new set of Articles of Association.
3. Approval of members was obtained w.r.t Mr. Moheb Ali Mohammed, to continue as Director of the Company after attaining the age of 75 years in an Extra-Ordinary General Meeting held on 23rd June, 2020.
4. Appointment of Mr. Essaji Goolam Vahanvati as Independent Director w.e.f 30th September, 2020.
5. Cessation of Mr. Moheb Ali Mohammed due to unfortunate demise on 08th October, 2020.
6. Appointment of Mr. Yifang Wu as Director w.e.f 10th October, 2020.
7. Resignation of Mr. Yiran Peng as Director w.e.f 10th October, 2020.
8. The Company has issued prospectus offering 83,33,333 Equity Shares (Fresh Issue) and an Offer for Sale of 34,863,635 through an Initial Public Offer (IPO) which was opened on 9th November, 2020 and closed on 11th November, 2020.
9. Subsequent to IPO, the Equity shares of the Company got listed on stock Exchanges i.e., National Stock Exchange and Bombay Stock Exchange w.e.f 20th November, 2020.
10. Change in Designation of Mr. Qiyu Chen, Mr. Li Dongming, Ms. Xiaohui Guan, Mr. Wu Yifang and Mr. Udo J Vetter from Non- Executive Nominee Directors to Non-executive Directors w.e.f 20.11.2020
11. As per the Gland Pharma ESOPs Scheme, 2019 (prepared in line with SEBI Regulations) and as per the undertaking given by the Company at the time of obtaining In-principal approval from the Stock Exchanges for the ESOPs, the Company had issued Equity shares in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014:

(i) 1st Allotment on 22nd January, 2021

(ii) 2nd Allotment on 16th March, 2021

For RVR & Associates
Company Secretaries
PR. No. P2015TL082000

G.V.S Ravi Kumar
Associate Partner
FCS. No: 8529
CP. No. 17178
UDIN: F008529C000311722

Place: Hyderabad
Date: 17.05.2021

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

Annexure

To,
The Members,
Gland Pharma Limited
Sy.No.143-148,150 &151, Near Gandimaisamma 'X' Roads
D.P.Pally, Dundigal, Dundigal - Gandimaisamma(M)
Medchal-Malkajgiri District
Hyderabad-500 043
Telangana.

Our report of even date is to be read along with this letter:

a. Maintenance of Secretarial records is the responsibility of the Management of the Company. Our responsibility is to express as opinion on these secretarial records based on our audit.

b. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

c. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

d. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.

e. The compliance of the provisions of Companies Act, 2013 and other applicable laws, Rules, Regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures on test basis.

f. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

g. We further report that, based on the information provided by the Company, its officers, authorized representatives during the conduct of the audit in our opinion adequate systems and process and control mechanism exist in the Company to monitor compliance with applicable general laws like labour laws, Environment laws and Data protection policy.

h. We further report that the compliance by the Company of applicable fiscal laws like Direct & Indirect tax laws, Labour Laws – General and Other Specific laws as may be applicable to the Company, have not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals.

i. Under the situation of COVID-19 Pandemic prevailing during the period when the audit was conducted for the year 2019-20, all the documents, records and other information were verified and checked electronically as provided by the management.

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

For RVR & Associates
Company Secretaries
PR. No. P2015TL082000

G.V.S Ravi Kumar
Associate Partner
FCS. No: 8529
CP. No. 17178
UDIN: F008529C000311722

Place: Hyderabad
Date: 17.05.2021

ANNEXURE – G

(TO THE DIRECTORS' REPORT)

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

A. Conservation of Energy

(i) Steps taken to conserve energy

The Company has been committed to reduce Energy consumption at various levels and various steps have been initiated to conserve Energy. Advanced models and tools were used to improve energy efficiency and reduce carbon footprint at Factories and Offices. The Lighting System in Corporate Office including the Cellar used for Car Parking is based on Artificial Intelligence with Auto ON/ OFF. Maximum windows were installed for better natural light and to avoid lights during day time.

In the Factories, HVAC systems runs in Auto mode with Auto control system to avoid continuous run at high frequency. Water loop system runs with auto mode with reference to utilisation of user point pump. Speed varies automatically to save energy.

(ii) Steps taken to utilize alternate sources of energy

The Company has shifted from Furnace Oil to PNG for operating the Boilers in Dundigal Facility to reduce pollution levels. The same activity is under progress in Pashmylaram Facilities.

(iii) Capital investment on energy conservation equipment: NIL

B. Technology Absorption

RESEARCH AND DEVELOPMENT (R&D):

1. Specific areas in which R&D is carried out by the Company.	Formulation Development, Analytical Method Development, Stability studies and Development of new products.
2. Benefits derived as a result of the above R&D	Developed new products and achieved cost and process efficiencies on existing products.
3. Future plan of action	To develop processes for newer products and intermediates.

4. Expenditure on R&D	2020-21 (₹ in million)	2019-20 (₹ in million)
a) Capital	20.96	12.55
b) Recurring	1,198.59	909.32
c) Total	1,219.55	921.87
d) Total R&D Expenditure as a Percentage of Sales	3.52%	3.50%

Technology absorption, adaptation and innovation:

1. Efforts in brief, made towards technology absorption and adoption.	Works on Basic Drugs and Formulations related to the Company's existing activities at various levels of Development.
2. Benefits derived as a result of the above efforts	Developed new products and achieved cost and process efficiencies on existing products.
3. Information regards import of technology during the last 3 years.	NIL

C. Foreign Exchange Earnings and Outgo

(₹ million)

PARTICULARS	2020-21	2019-20
1. Foreign Exchange Earnings:		
In US$	389,828,366	307,301,636
In EURO	27,23,853	263,371
In CAD	2,663,412	-
In AUD	312,661	-
Equivalent In ₹	29,020,613,631	21,635,045,538
2. Foreign Exchange Outgo:		
Capital Expenditure		
In US$	1,772,810	11,562,076
In EURO	13,456,549	2,583,049
Equivalent In ₹	1290,963,007	1,038,796,311
Revenue Expenditure		
In US$	195,287,844	77,703,247
In EURO	10,043,043	8,501,822
Equivalent In ₹	15,587,315,912	6,210,991,148
Payment to Financial Institutions	-	-

For and on behalf of the Board

Srinivas Sadu
Managing Director & CEO
DIN: 06900659

Satyanarayana Murthy Chavali
Independent Director
DIN: 000142138

Place: Hyderabad
Date: 17-May-2021

ANNEXURE – H

(TO THE DIRECTORS' REPORT)

Details of Employees Stock Option Scheme Pursuant to Rule 12(9) of Companies (Share Capital and Debentures) Rules, 2014

The details of Stock Options as on March 31, 2021 under the Employees Stock Option Scheme-2019 of the Company are as under:

(₹ million)

Sl. No	Particular	Grant-1	Total
a.	Options granted		
	Options granted initially	154,950	154,950
	Additional options granted pursuant to Split	1,394,550	1,394,550
	Total Options in force - After Split (from ₹ 10/- to ₹ 1/-)	1,549,500	1,549,500
b.	Options vested	1,036,350	1,036,350
c	Options exercised	310,100	310,100
d	The total no. of shares arising as a result of exercise of options	310,100	310,100
e	Options lapsed	69,000	69,000
f	The Exercise Price (After Split)	542	542
g	Variations of terms of Options	NIL	NIL
h	Money realised by exercise of options	168,074,200	168,074,200
i	Total number of options in force	1,170,400	1,170,400

j. Employee-wise details of options granted during the year 2020-21 to –

(i) key managerial personnel; NIL

(ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year : NIL

(i) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant; : NIL

Note: The Company did not grant any Options during the Financial Year 2020-21 and all the Options granted under the above mentioned Scheme was made during the Financial Year 2019-20.

For and on behalf of the Board

Srinivas Sadu
Managing Director & CEO
DIN: 06900659

Satyanarayana Murthy Chavali
Independent Director
DIN: 000142138

Place: Hyderabad
Date: 17-May-2021

Business Responsibility Report

Section A: General information about the Company

1.	Corporate Identity Number (CIN) of the Company	L24239TG1978PLC002276
2.	Name of the Company	Gland Pharma Limited
3.	Registered address	Sy. No. 143 - 148, 150 and 151, Near Gandi Maisamma 'X' Roads, D.P. Pally, Dundigal, Dundigal - Gandi Maisamma (M), Medchal-Malkajgiri District, Hyderabad 500 043, Telangana, India
4.	Website	www.glandpharma.com
5.	E- mail ID	investors@glandpharma.com
6.	Financial Year reported	April 1, 2020 to March 31, 2021
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	The Company is engaged in business of pharmaceuticals under Group 210 and Class 2100 as per the National Industrial Classification 2008 (NIC) by the Central Statistical Organisation, Ministry of Statistics and Programme Implementation.
8.	List three key products/services that the Company manufactures/provides (as in Balance Sheet)	Enoxaparin Sodium, Daptomycin and Heparin Sodium
9.	Total number of locations where business activity is undertaken by the Company	Gland Pharma has presence in over 60 countries, globally. **Number of international locations:** Singapore **Number of national locations:** Gland Pharma has eight manufacturing facilities situated in the state of Telangana and Andhra Pradesh, including two sterile injectables facilities, one dedicated Penems facility, one oncology facility and four API facilities.
10.	Markets served by the Company	The major markets that Gland Pharma serves are USA, India, Europe, Canada, Australia and Rest of the world.

Section B: Financial details of the Company

S. No.	Particulars	Details as on March 31, 2021 (₹ in million)
1.	Paid up capital (₹)	163.59
2.	Total Turnover (₹)	34,628.76
3.	Total profit after taxes (₹)	9,970.05
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after taxes (%)	144.23 (1.45% of PAT)
5.	List of activities in which expenditure in 4 above has been incurred	14 projects across the areas of promotion of Education and eradication of Hunger, Disaster management including relief, promoting Health care including preventive Health care, empowering women, setting up homes and hostels for women and orphans, Rural Development, protection of Flora and Fauna, animal welfare.

Section C: Other details

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

As on March 31, 2021, the Company has 1 subsidiary.

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

The subsidiary of Gland Pharma is aligned with the Company's BR Initiatives.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, more than 60%]

The Company encourages its other stakeholders i.e. suppliers, distributors and other stakeholders in the value chain to participate in its BR initiatives, however it does not track the actual participation and therefore for reporting purposes the percentage of such entities who participate in BR initiatives is less than 30%.

Section D: BR Information

1. Details of Director/ Directors responsible for BR

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

- **DIN Number:** 06900659
- **Name:** Mr. Srinivas Sadu
- **Designation:** Managing Director and Chief Executive Officer

b) Details of the BR Head

S. No.	Particulars	Details
1.	DIN Number (if applicable)	Not applicable
2.	Name	Sampath Kumar Pallerlamudi
3.	Designation	Company Secretary and Compliance Officer
4.	Telephone Number	+91 8455699999 Ext.1194
5.	E- mail ID	investors@glandpharma.com

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

S. No.	Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy/policies for….					Yes				
2.	Has the policy been formulated in consultation with relevant stakeholders?					Yes				
3.	Does the policy conform to any national/ international standards? If yes, specify.					Yes Gland's Corporate Responsibility Policy is based on the National Voluntary Guidelines on Social, Environmental and Economical Responsibilities of Business as issued by Ministry of Corporate Affairs, Government of India, in July 2011. Gland's Environment Policy is as per the requirements of ISO 14001, Environment Management System.				
4.	Has the policy been approved by the Board? If yes, has it been signed by the MD/owner/ CEO/ appropriate Board Director?					Yes				
5.	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?					The implementation of these policies is discussed segment wise by different committees at regular intervals.				
6.	Indicate the link to view the policy online?					https://glandpharma.com/investors/corporate_governance				
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?					Yes				
8.	Does the Company have in-house structure to implement its policy/policies?					Yes				

S. No.	Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to policy/policies?					Yes The policies are evaluated internally				
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?					Yes				

3. Governance related to BR

a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

The BR performance is evaluated annually.

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

Yes, the Company publishes BR which covers the 9 NVGs Principles. Our 2020-21 Annual Report is in line with the <IR> framework and GRI Standards.

Section E: Principle-Wise Performance

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

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs / Others?

   It covers the Company and its subsidiaries. We encourage other stakeholders viz., Suppliers/ Contractors/ NGOs to follow our policy.

2. How many stakeholders' complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

   No Complaints were received.

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

1. List up to 3 products or services whose design has incorporated social or environmental concerns, risks, and/ or opportunities.

   All our products follow similar environmental and social safety guidelines. These guidelines are implemented at our facilities and regular audits ensure compliance.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

   i. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

   ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

   Gland has a multi-product, multi-facility production system and hence, it is not possible to determine product-wise resource consumption. Variations in resource consumption patterns have been observed in manufacturing units based on product mix, batch size and time cycle, among others. Further, as consumption of resource per unit depends on the product mix, it is difficult to set specific standards to ascertain reduction achieved at product level.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

   Yes. We undertake a variety of support measures in terms of regular vendor audits and encouraging them to adopt management practices detailed under the international standards such as ISO 9001, ISO 14001, ISO 45001 and Company's Environment, Health and Safety (EHS) Guidelines.

   We encourage sourcing locally unless there is specific regulatory requirement for materials thereby reducing the carbon footprint.

   Conscious efforts are made to ensure that everyone connected with the Company are made aware of their responsibilities.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

   The Company has developed a vendor base around its manufacturing locations. All our packaging related materials, stationary and food supplies are sourced locally and from small vendors.

   Capability building is the primary focus of the Company's vendor development and management process. The Company recognises the importance of its vendor base and continuously monitors the financial health and business practices of the same.

5. Does the Company have mechanism to recycle products and waste? If yes, what is the percentage of recycling waste and products?

   The Company has sustainable processes in place to recycle the products and waste, post completion of manufacturing life cycle. We also have waste recycling mechanism in place, having tie-ups with third party service providers. At all our plants we recycle water which is used for cooling towers and gardening.

PRINCIPLE 3: Businesses should promote the wellbeing of all employees

1. Please indicate the total number of employees as on March 31, 2021. - 3961 (On-rolls)

2. Please indicate the total number of employees hired on temporary/ contractual/casual basis. - 3720 (Contract employees)

3. Please indicate the number of permanent women employees. - 543

4. Please indicate the number of permanent employees with disability. - 1

5. Do you have an employee association that is recognised by management? -Yes

6. What percentage of your permanent employees are a member of this recognised employee association? – 1.11%

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year. – No pending complaints

8. What percentage of you under mentioned employees were given safety & skill upgradation training in the last year? Permanent employees – 100%, Contract employees – 100%

PRINCIPLE 4: Businesses should respect the interests of, and be responsive to the needs of all stakeholders, especially those who are disadvantaged, vulnerable, and marginalised.

1. Has the Company mapped its internal and external stakeholders?

   Yes. The Company has mapped its internal and external stakeholders.

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?

   The Company identifies disadvantaged communities near its business locations as disadvantaged, vulnerable, and marginalized stakeholders and continually consults with all of these stakeholders to identify their needs and priorities in order to meet those needs accordingly.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable, and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.

   The Company on a periodical basis undertakes dedicated activities as a part of its CSR initiatives for the disadvantaged, vulnerable and marginalised stakeholders in and around the Company's factories/ plants. We have launched various initiatives such as providing free breakfast for government school children, infrastructure development in government schools, providing tailoring machines to economically disadvantaged rural women, construction of additional classrooms in a hostel for mentally challenged women, sponsoring machinery for vocational training, contribution for elderly eye-care, etc.

PRINCIPLE 5: Businesses should respect and promote human rights.

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/ Suppliers/Contractors/ NGOs/Others?

   The Company's policy on human rights covers not only the Company but extends to its subsidiaries. The Company encourages its suppliers, contractors and others to follow the principles laid down in the policy.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

   No complaint pertaining to violation of human rights was received

PRINCIPLE 6: Business should respect, protect, and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs/others.

   Sustainability is an important aspect of the Company's business. The policy extends to the Group/Joint Ventures/ Suppliers/Contractors/ NGOs/Others

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.?

   As a manufacturing company, necessary mechanisms have been set up for ensuring compliance with the laws on environment mechanisms in place to ensure compliance with the applicable environmental laws. The Company is committed to be an environment friendly organisation and has a dedicated Environmental Policy across all its business units. The Company is an active player in practising initiatives to address environmental issues and ensuring sustainable development. Almost all locations of the Company have received the ISO 14001 certificate for their Environment Management Systems and ISO 9001 for Quality Management Systems

3. Does the Company identify and assess potential environmental risks?

   Yes. The Company does have a mechanism to identify and assess potential environmental risks in its plants, projects and operations

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

   No, the Company has not undertaken any specific project related to the Clean Development Mechanism. However, most of the manufacturing locations of the Company are certified ISO 14001 (Environment Management System), OMS - ISO 9001 (Quality Management System), ISO 45001 (Occupational Health & Safety Management System).

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.? Y/N.

   The Company utilises its resources in an optimal and responsible manner ensuring sustainability through reduction, re-use, re-cycling and managing waste.

   Continuous efforts are on to improve energy efficiency in every sphere of Company's operations. As an initiative to reduce our carbon footprint, we have replaced Furnace oil with PNG (Piped Natural Gas) as Boiler fuel.

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

   Yes, Emissions, Waste generation and disposal all are within the permissible limits given by PCBs, and details of the same would be submitted to SPCB through Environmental statement in the month of June every year.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

   No show cause/legal notices were pending as on 31st March, 2021.

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

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

   Yes.

   Pharmaceutical Export Promotion Council (PHARMEXCIL)
   Federation of Indian Chambers of Commerce & Industry (FICCI)
   Confederation of Indian Industry (CII)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

   Yes. While the Company is not actively involved in lobbying, as a responsible corporate citizen, the Company as a part of major industry associations/ chambers makes recommendations/representations before regulators and associations for advancement and improvement of Pharma industry policies in India. The Company also represents its views/opinions on Economic Reforms, Inclusive Development Policies, etc.

PRINCIPLE 8: Businesses should support inclusive growth and equitable development

1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

   CSR Policy

2. Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/Government structures/any other organisation?

   CSR initiatives were implemented directly by the Company with in-house support.

   For projects requiring specialized experience and expertise for execution, implementing agencies are also involved.

3. Have you done any impact assessment of your initiative?

   All programs of CSR are monitored through regular assessments and feedback received from the beneficiaries Impact assessment studies were not carried out specifically.

4. What is your Company's direct contribution to community development projects-Amount in ₹ and the details of the projects undertaken?

   During the year 2020-21 the Company spent ₹ 144.23 million towards CSR initiatives

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

   Yes. Each of the projects is having an outcome which is acknowledged by the community. We work with partners who have a grass root understanding of the community that make it successful, both in the short term and long term.

PRINCIPLE 9: Businesses should support inclusive growth and equitable development

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year? NIL

2. Does the Company display product information on the product label, over and above what is mandated as per local laws?

   Yes. Product information is displayed on all products of the Company in accordance with the regulatory requirements. In addition, wherever and appropriate for of the product/goods by the customer, additional information about the products/goods, the use and the mode of handling thereof are also provided

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behavior during the last five years and pending as on end of financial year?

   No such cases were filed.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

   Yes. We do conduct consumer surveys to understand the customers and their needs better.

Standalone Financial Statements

Standalone Financial Statements

Independent Auditor's Report

To the Members of Gland Pharma Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Gland Pharma Limited ("the Company"), which comprise the Balance sheet as at March 31, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Revenue from sale of products and services	
Refer to Note 2.1 (e) of the summary of significant accounting policies to the standalone Ind AS financial statements. Revenue is recognised when the entity has transferred the control for the promised goods or on completion of performance obligation. The Company has a large number of customers operating in various geographies and sale contracts with customers have different terms relating to the recognition of revenue. Terms of sales arrangement, including the timing of transfer of control, Inco terms and identification of Performance obligations in case of service contracts require significant judgement in determining revenue. We identified the recognition of revenue from sale of products and services as a key audit matter as revenue is a key performance indicator and there could be a risk that revenue is recognised in the incorrect period.	Our audit procedures included the following: • We evaluated the Company's accounting policies related to revenue recognition and assessed its compliance in terms of Ind-AS 115 'Revenue from contracts with customers'; • We performed a walkthrough, evaluated the design and tested the operating effectiveness of controls related to the revenue recognition process; • For revenue from sale of products, we selected samples (including year-end testing of cut-off transactions) and tested the underlying documents, including customer contracts, invoices and shipping documents to assess and analyze the timing of recognition of revenue and contractual terms; Performed trend analysis over revenue as compared to previous periods. • For revenue from sale of services, we selected samples and tested underlying documents and read, analysed the distinct performance obligations in these contracts. • We assessed the disclosures in accordance with Ind AS 115 "Revenue from contracts with customers".

Independent Auditor's Report

Other Information

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

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

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

Responsibilities of Management for the Standalone Ind AS Financial Statements

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

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to the standalone Ind AS financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2021 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 the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

Independent Auditor's Report

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 42 to the standalone Ind AS financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Navneet Rai Kabra**
Partner
Membership Number: 102328
UDIN: 21102328AAAACT4930

Place of Signature: Hyderabad
Date: May 17, 2021

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENT OF GLAND PHARMA LIMITED

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) All property, plant and equipment were physically verified by the management in the earlier years in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management and audit procedures performed by us, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) According to the information and explanations given to us and audit procedures performed by us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of investment made in a party covered under Section 186 of the Act. According to the information and explanations given to us, the Company has not provided loans, guarantee or security to any parties covered under Section 186 of the Act.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company and hence not commented upon.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of Active Pharmaceutical Ingredients and Formulations including Intermediates and services of contract research, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it.

(b) According to the information and explanations given to us and audit procedures performed by us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

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

Name of the statute	Nature of dues	Amount demanded (₹ in million)	Amount paid under dispute (₹ in million)	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service Tax (including interest and penalty)	3.85	3.85	April 2014 to March 2015	High Court, Hyderabad
Finance Act, 1994	Service Tax	1.03	0.07	April 2015 to March 2016	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	3.11	3.11	April 2019 to March 2020	Commissioner (Appeals)
Andhra Pradesh Value Added Tax Act, 2005	Value Added Tax	1.73	1.73	April 2012 to March 2014	Telangana VAT Appellate Tribunal, Hyderabad
Andhra Pradesh Value Added Tax Act, 2005	Value Added Tax	3.57	3.57	April 2014 to March 2017	Telangana VAT Appellate Tribunal, Hyderabad
Entry Tax of Goods and Local Areas Act, 2001	Entry Tax	44.40	22.20	April 2011 to March 2017	High Court, Hyderabad
Entry Tax of Goods and Local Areas Act, 2001	Entry Tax	2.60	0.64	April 2017 to June 2017	High Court, Hyderabad
Income Tax Act, 1961	Income Tax	16.76	16.76	Financial year April 2016 to March 2017	Commissioner of Income-tax (Appeals)

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENT OF GLAND PHARMA LIMITED

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of sales tax loan to the government. The Company has no outstanding dues in respect of financial institutions, banks and debenture holders.

(ix) In our opinion and according to information and explanations given by the management and audit procedures performed by us, monies raised by the company by way of initial public offer were applied for the purpose for which they were raised, though unutilised funds which were not required for immediate utilisation have been gainfully invested in fixed deposits/maintained in current account. The maximum amount of such funds invested during the year was ₹ 12,250 million, of which ₹ 5,566.43 million was outstanding at the end of the year.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management and audit procedures performed by us, the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management and audit procedures performed by us, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone Ind AS financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management and audit procedures performed by us, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us and audit procedures performed by us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Navneet Rai Kabra**
Partner
Membership Number: 102328
UDIN: 21102328AAAACT4930

Place of Signature: Hyderabad
Date: May 17, 2021

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

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

We have audited the internal financial controls with reference to standalone Ind AS financial statements of Gland Pharma Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls With Reference to these Standalone Ind AS Financial Statements

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

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

Inherent Limitations of Internal Financial Controls With Reference to Standalone Ind AS Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone Ind AS financial statements and such internal financial controls with reference to standalone Ind AS financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Navneet Rai Kabra**
Partner
Membership Number: 102328
UDIN: 21102328AAAACT4930

Place of Signature: Hyderabad
Date: May 17, 2021

Balance Sheet as at March 31, 2021

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

Particulars	Note	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	9,534.86	9,671.49
Capital work-in-progress	3	3,378.06	1,884.66
Right-of-use assets	4	7.46	9.51
Financial assets			
Investments	5	5.49	-
Other financial assets	7	69.52	69.15
Tax assets (net)	9	20.71	14.51
Other non-current assets	10	713.79	748.17
		13,729.89	12,397.49
Current assets			
Inventories	11	12,751.68	7,562.79
Financial assets			
Loans	6	2.54	4.96
Trade receivables	8	6,709.71	6,017.85
Cash and cash equivalents	12	4,919.15	1,694.97
Bank balances other than cash and cash equivalents	13	25,132.87	11,556.96
Other financial assets	7	422.08	151.01
Tax assets (net)	9	-	95.35
Other current assets	10	1,292.63	1,379.01
		51,230.66	28,462.90
Total Assets		64,960.55	40,860.39
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	163.59	154.95
Other equity	15	58,869.26	36,307.40
		59,032.85	36,462.35
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	16	39.34	40.69
Other financial liabilities	18	24.97	26.58
Deferred tax liability (net)	19	738.81	740.54
		803.12	807.81
Current liabilities			
Financial liabilities			
Trade payables	17		
Total outstanding dues of micro, small and medium enterprises		65.97	33.15
Total outstanding dues of creditors other than micro, small and medium enterprises		3,940.58	2,457.79
Other financial liabilities	18	174.09	303.79
Provisions	20	251.32	174.79
Current tax liabilities (net)	21	286.90	107.23
Other current liabilities	22	405.72	513.48
		5,124.58	3,590.23
Total Equity and Liabilities		64,960.55	40,860.39
Summary of significant accounting policies	2.1		

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

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

per **Navneet Rai Kabra**
Partner
Membership No. 102328

Place: Hyderabad
Date: May 17, 2021

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

Srinivas Sadu
Managing Director and
Chief Executive Officer
DIN: 06900659

Satyanarayana Murthy Chavali
Independent Director
DIN: 00142138

P. Sampath Kumar
Company Secretary

Ravi Shekhar Mitra
Chief Financial Officer

Place: Hyderabad
Date: May 17, 2021

Statement of Profit and Loss for the year ended March 31, 2021

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

Particulars	Note	For the Year ended March 31, 2021	For the Year ended March 31, 2020
INCOME			
Revenue from operations	23	34,628.76	26,332.40
Other income	24	1,347.76	1,391.68
Total income (I)		35,976.52	27,724.08
EXPENSES			
Cost of materials consumed	25	17,491.63	10,902.54
Purchase of traded goods		161.98	186.73
Changes in inventories of finished goods, stock-in-trade and work-in-progress	26	(2,734.87)	(69.04)
Power and fuel		745.85	785.00
Employee benefits expense	27	3,113.60	2,776.62
Depreciation expense	30	987.80	945.87
Finance expenses	29	34.11	71.82
Other expenses	28	2,827.90	2,195.88
Total expenses (II)		22,628.00	17,795.42
Profit before tax (III)= (I-II)		13,348.52	9,928.66
Tax expenses	31		
Current tax		3,394.46	2,513.97
Deferred tax charge/(credit)		1.20	(318.21)
Taxes for earlier years		(17.19)	4.32
Total tax expense (IV)		3,378.47	2,200.08
Profit for the year (V)=(III-IV)		9,970.05	7,728.58
OTHER COMPREHENSIVE INCOME (OCI)			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement loss on employee defined benefit plans		11.64	69.75
Deferred tax income on remeasurement of defined benefit plans		(2.93)	(17.55)
Total other comprehensive loss for the year, net of tax (VI)		8.71	52.20
Total comprehensive income for the year, net of tax (VII)=(V-VI)		9,961.34	7,676.38
Earnings per share:	32		
Basic, computed on the basis of profit attributable to equity holders		63.07	49.88
Diluted, computed on the basis of profit attributable to equity holders		62.99	49.88
Summary of significant accounting policies	2.1		

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

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

per **Navneet Rai Kabra**
Partner
Membership No. 102328

Place: Hyderabad
Date: May 17, 2021

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

Srinivas Sadu
Managing Director and
Chief Executive Officer
DIN: 06900659

Satyanarayana Murthy Chavali
Independent Director
DIN: 00142138

P. Sampath Kumar
Company Secretary

Ravi Shekhar Mitra
Chief Financial Officer

Place: Hyderabad
Date: May 17, 2021

Statement of Changes in Equity for the year ended March 31, 2021

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

a. Equity share capital

Equity shares of ₹ 1 each, issued, subscribed and fully paid	No.	₹
As at April 01, 2019	**15,494,949**	**154.95**
Add: Increase in number of shares on account of subdivision (refer note 14(g))	139,454,541	-
As at March 31, 2020	**154,949,490**	**154.95**
Add: Issued during the year (refer note 14(a))	8,643,433	8.64
As at March 31, 2021	**163,592,923**	**163.59**

b. Other equity

Particulars	Reserves and surplus					Other comprehensive income	Total
	Securities premium	Capital redemption reserve	General reserve	Share based payment reserve	Retained earnings	Re-measurement loss on employee defined benefit plans (net of tax)	
As at April 01, 2019	**5,889.94**	**33.44**	**31.22**	**-**	**22,528.60**	**(17.02)**	**28,466.18**
Profit for the year	-	-	-	-	7,728.58	-	7,728.58
Other comprehensive income	-	-	-	-	-	(52.20)	(52.20)
Employee stock option compensation expenses (refer note 34)	-	-	-	164.84	-	-	164.84
As at March 31, 2020	**5,889.94**	**33.44**	**31.22**	**164.84**	**30,257.18**	**(69.22)**	**36,307.40**
Profit for the year	-	-	-	-	9,970.05	-	9,970.05
Other comprehensive income	-	-	-	-	-	(8.71)	(8.71)
Issue of equity shares during the year	12,491.67	-	-	-	-	-	12,491.67
Share issue expenses (net of taxes) (refer note 45)	(214.25)	-	-	-	-	-	(214.25)
Issue of equity shares on exercise of employee stock options	167.76	-	-	-	-	-	167.76
Employee stock option compensation expenses (refer note 34)	-	-	-	155.34	-	-	155.34
Transfer to Securities premium on exercise of employee stock options	65.97	-	-	(65.97)	-	-	-
As at March 31, 2021	**18,401.09**	**33.44**	**31.22**	**254.21**	**40,227.23**	**(77.93)**	**58,869.26**

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

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

per **Navneet Rai Kabra**
Partner
Membership No. 102328

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

Srinivas Sadu
Managing Director and
Chief Executive Officer
DIN: 06900659

Satyanarayana Murthy Chavali
Independent Director
DIN: 00142138

P. Sampath Kumar
Company Secretary

Ravi Shekhar Mitra
Chief Financial Officer

Place: Hyderabad
Date: May 17, 2021

Place: Hyderabad
Date: May 17, 2021

Statement of Cash Flows for the year ended March 31, 2021

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash flow from operating activities		
Profit before tax	13,348.52	9,928.66
Adjustments to reconcile profit before tax to net cash flows		
Depreciation expense	987.80	945.87
Allowance for credit losses	1.22	43.15
Bad debts written off	2.76	16.16
Interest expense	28.45	61.50
Finance charges on leases	0.66	1.01
Employee stock option compensation (refer note 34)	155.34	164.84
Unrealised foreign exchange gain	(113.64)	(222.26)
Provision for doubtful debts, no longer required written back	(29.83)	-
Profit on disposal of property, plant and equipment (net)	(0.24)	(173.93)
Interest income	(859.49)	(514.86)
Operating profit before working capital changes	**13,521.55**	**10,250.14**
Movements in working capital:		
Increase in trade receivables	(602.01)	(805.17)
(Increase)/Decrease in inventories	(5,188.89)	1,555.97
Increase in loans, deposits and others	(28.90)	(6.73)
Decrease in other assets	77.19	520.57
Increase/(Decrease) in trade payables and other financial liabilities	1,427.48	(2,146.73)
(Decrease)/Increase in provisions and other liabilities	(42.87)	82.67
Cash generated from operations	**9,163.55**	**9,450.72**
Income tax paid (net of refunds)	(3,114.25)	(2,441.37)
Net cash flow from operating activities (A)	**6,049.30**	**7,009.35**
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,287.76)	(1,946.62)
Proceeds from disposal of property, plant and equipment	4.30	238.86
Investment in bank deposits (net)	(13,575.91)	(6,387.49)
Interest received	619.37	434.47
Investment made in subsidiary	(5.49)	-
Net cash flow used in investing activities (B)	**(15,245.49)**	**(7,660.78)**
Cash flows from financing activities		
Proceeds from issue of equity shares (net of issue expenses)	12,250.00	-
Proceeds from the exercise of employee stock option	168.07	-
Repayment of long-term borrowings	(8.91)	(5.30)
Payment towards interest portion of lease liabilities	(0.66)	(1.01)
Payment towards principal portion of lease liabilities	(1.25)	(0.90)
Interest paid	(22.65)	(61.50)
Net cash flows from/(used in) financing activities (C)	**12,384.60**	**(68.71)**
Net increase in cash and cash equivalents (A+B+C)	**3,188.41**	**(720.14)**
Effect of exchange differences on cash and cash equivalents held in foreign currency	35.77	51.09
Cash and cash equivalents at the beginning of the year	1,694.97	2,364.02
Cash and cash equivalents at the end of the year	**4,919.15**	**1,694.97**
Components of cash and cash equivalents		
Cash on hand	0.21	0.67
With banks in current account	3,048.99	1,394.70
With banks in deposit account	1,869.95	299.60
Total cash and cash equivalents (refer note 12)	**4,919.15**	**1,694.97**
Summary of significant accounting policies (refer note 2.1)		

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

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

per **Navneet Rai Kabra**
Partner
Membership No. 102328

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

Srinivas Sadu
Managing Director and
Chief Executive Officer
DIN: 06900659

Satyanarayana Murthy Chavali
Independent Director
DIN: 00142138

P. Sampath Kumar
Company Secretary

Ravi Shekhar Mitra
Chief Financial Officer

Place: Hyderabad
Date: May 17, 2021

Place: Hyderabad
Date: May 17, 2021

Notes to the financial statements for the year ended March 31, 2021

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

1. Corporate information

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

The financial statements were approved for issue in accordance with a resolution of the Board of directors on May 17, 2021.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016, as amended from time to time and other accounting principles generally accepted in India and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III).

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

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

2.1 Summary of significant accounting policies

(a) Amended standards

Several amendments apply for the first time for the year ended March 31, 2021, but do not have significant impact on the financial statements of the Company.

(b) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

(c) Foreign currencies

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

Transactions and balances

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

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

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

(d) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly

Notes to the financial statements for the year ended March 31, 2021

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

transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

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

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

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

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

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

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

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

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

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

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

(e) Revenue recognition

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

Sale of products

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer and is net of trade discounts, sales returns and sales tax and goods & service tax (GST), where applicable, and the additional amount of profit share in case of exclusive arrangement, is recognised based on the terms of the agreement entered into with the customers, in the period when the collectability of the profit share becomes probable and a reliable measure of the profit share is available. The point at which control passes is determined based on the terms and conditions by each customer arrangement, but generally occurs on dispatch to the customer.

Sale of services

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

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

Notes to the financial statements for the year ended March 31, 2021

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

on achievement of such milestones or over the performance period depending on the terms of the contract.

Contract balances

Contract assets

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

Trade receivables

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

Contract liabilities

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

Interest income

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

Export benefits, incentives and licenses

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

(f) Taxes

Current income tax

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

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

Deferred tax

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

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

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

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

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

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

Notes to the financial statements for the year ended March 31, 2021

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

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

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

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

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

(g) Property, plant and equipment

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

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

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

Depreciation

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

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

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

(h) Leases

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

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

Notes to the financial statements for the year ended March 31, 2021

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

- the Company has the right to operate the asset; or
- the Company designed the asset in a way that predetermines how and for what purpose it will be used.

Company as a lessee

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

Right-of-use assets

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

Lease liabilities

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

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

Short-term leases and leases of low-value assets

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

(i) Inventories

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

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

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

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

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(j) Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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

(k) Provisions, Contingent liabilities and Contingent assets

Provisions

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

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

Contingent liabilities

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

Contingent assets

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

(l) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess

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is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

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

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

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

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

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

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

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

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

(m) Share - based payments

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

Equity-settled transactions

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

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

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

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

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

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

(n) Financial instruments

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

Financial assets

Initial recognition and measurement

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

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

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

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

Subsequent measurement

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

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

Debts Instrument at amortised cost

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

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Debts Instrument at FVTOCI

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

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

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

Debts Instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for

Notes to the financial statements for the year ended March 31, 2021

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categorisation as at amortized cost or as FVTOCI, is classified as at FVTPL.

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

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

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

Equity investments:

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

Derecognition

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

a) the rights to receive cash flows from the asset have expired, or

b) the Company has transferred its rights to receive cash flows from the asset, and

   i. the Company has transferred substantially all the risks and rewards of the asset, or

   ii. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investment in subsidiaries, the difference between the net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

Impairment of financial assets

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

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits, trade receivables and bank balance

- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

i. Financial liabilities at fair value through profit or loss

ii. Financial liability at amortised cost

Loans and borrowings

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

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

Derecognition

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

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Reclassification of financial instruments

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

Offsetting of financial instruments

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

(o) Cash and cash equivalents

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

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

(p) Research and Development

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

(q) Earnings Per Share

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

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

(r) Segment reporting

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

Notes to financial statements for the year ended March 31, 2021

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

3 Property, plant and equipment

Particulars	Freehold Land	Buildings	Plant and machinery	Laboratory equipment	Research and Development equipment	Furniture and fixtures	Office equipment	Vehicles	Computers	Tubewells	Total
As at April 1, 2019	**292.81**	**2,260.10**	**8,273.91**	**559.95**	**322.89**	**213.39**	**61.89**	**49.96**	**159.36**	**1.49**	**12,195.75**
Additions	184.64	10.26	990.71	119.57	12.55	17.56	7.95	6.44	43.28	-	1,392.96
Disposals	(41.77)	(24.28)	(48.39)	(2.80)	(0.18)	(1.46)	(1.61)	(1.54)	-	-	(122.03)
As at March 31, 2020	**435.68**	**2,246.08**	**9,216.23**	**676.72**	**335.26**	**229.49**	**68.23**	**54.86**	**202.64**	**1.49**	**13,466.68**
Additions	-	245.96	274.52	88.80	20.96	50.14	63.36	7.57	101.87	-	853.18
Disposals	-	-	-	-	-	-	-	(12.15)	(12.15)	-	(24.30)
As at March 31, 2021	**435.68**	**2,492.04**	**9,490.75**	**765.52**	**356.22**	**279.63**	**131.59**	**50.28**	**292.36**	**1.49**	**14,295.56**
Depreciation											
As at April 1, 2019	-	**341.28**	**2,032.94**	**173.52**	**129.05**	**82.00**	**36.40**	**10.65**	**101.32**	**1.16**	**2,908.32**
Charge for the year	-	93.14	671.56	66.94	38.37	25.10	9.72	7.94	30.99	0.21	943.97
Disposals	-	(5.47)	(44.35)	(2.80)	(0.18)	(1.38)	(1.61)	(1.31)	-	-	(57.10)
As at March 31, 2020	-	**428.95**	**2,660.15**	**237.66**	**167.24**	**105.72**	**44.51**	**17.28**	**132.31**	**1.37**	**3,795.19**
Charge for the year	-	91.35	699.94	74.66	33.66	25.56	12.25	7.83	40.38	0.12	985.75
Disposals	-	-	-	-	-	-	-	(8.49)	(11.75)	-	(20.24)
As at March 31, 2021	-	**520.30**	**3,360.09**	**312.32**	**200.90**	**131.28**	**56.76**	**16.62**	**160.94**	**1.49**	**4,760.70**
Net carrying value											
As at March 31, 2020	**435.68**	**1,817.13**	**6,556.08**	**439.06**	**168.02**	**123.77**	**23.72**	**37.58**	**70.33**	**0.12**	**9,671.49**
As at March 31, 2021	**435.68**	**1,971.74**	**6,130.66**	**453.20**	**155.32**	**148.35**	**74.83**	**33.66**	**131.42**	-	**9,534.86**

Capital Work-in-progress : ₹ 3,378.06 (March 31, 2020: ₹ 1,884.66)

Notes to the financial statements for the year ended March 31, 2021

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

4 Right-of-use asset

	Right-of-use leasehold land
Cost	
As at April 01, 2019	**11.41**
As at March 31, 2020	**11.41**
As at March 31, 2021 (refer note 43)	**11.41**
Accumulated Depreciation	
As at April 01, 2019	-
Charge for the year	1.90
As at March 31, 2020	**1.90**
Charge for the year	2.05
As at March 31, 2021	**3.95**
Net carrying value	
As at March 31, 2020	**9.51**
As at March 31, 2021	**7.46**

Financial assets

5 Investments

	As at March 31, 2021	As at March 31, 2020
Investments carried at cost - Unquoted equity shares (fully paid up)		
750 (March 31, 2020: Nil) equity shares of US $ 100 each of Gland Pharma International Pte. Ltd., Singapore	5.49	-
	5.49	**-**

6 Loans

	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Other loans (Unsecured, considered good)				
Loans to employees	-	-	2.54	4.96
	-	**-**	**2.54**	**4.96**

7 Other financial assets

	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
(Unsecured, considered good)				
Security deposits	69.52	69.15	34.18	3.23
Interest accrued but not due on bank deposits and others	-	-	387.90	147.78
	69.52	**69.15**	**422.08**	**151.01**

Notes to the financial statements for the year ended March 31, 2021

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

8 Trade receivables

	As at March 31, 2021	As at March 31, 2020
Receivables from related parties (refer note 36)	370.06	113.28
Trade receivables from other parties	6,339.65	5,904.57
	6,709.71	**6,017.85**

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

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

	For the year ended March 31, 2021	For the year ended March 31, 2020
Breakup for security details		
Considered good, unsecured	6,709.71	6,017.85
Credit impaired	14.21	53.60
Less: Allowance for credit losses	(14.21)	(53.60)
	6,709.71	**6,017.85**

The details of changes in allowance for credit losses during the year are as follows:

	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance at the beginning of the year	53.60	10.45
Provision (reversed)/made during the year (net)	(28.62)	59.31
Trade receivables written off during the year	(10.77)	(16.16)
Balance at the end of the year	**14.21**	**53.60**

9 Tax assets

	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
(Unsecured, considered good)				
Advance income tax (net)	19.48	13.28	-	95.35
Income tax paid under protest	1.23	1.23	-	-
	20.71	**14.51**	**-**	**95.35**

10 Other assets

	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
(Unsecured, considered good)				
Capital advance	324.04	403.36	-	-
Advances to material suppliers	-	-	129.97	150.74
Prepaid expenses	-	-	108.83	91.22

Notes to the financial statements for the year ended March 31, 2021

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

10 Other assets

	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Export rebate claims receivable	-	-	16.00	22.10
Export incentives receivable	24.28	16.61	328.50	451.22
Balance with statutory/ government authorities	365.47	328.20	709.33	663.73
	713.79	**748.17**	**1,292.63**	**1,379.01**

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

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

	As at March 31, 2021	As at March 31, 2020
Raw materials and components**	5,304.01	3,024.35
Packing materials***	1,718.00	1,575.61
Finished goods*	1,759.29	687.33
Work-in-progress	3,639.77	1,976.86
Stores and spares	330.61	298.64
	12,751.68	**7,562.79**

*Includes stock in trade of ₹ 62.48 (March 31, 2020: ₹ 46.42)

**Includes goods in transit of ₹ 195.70 (March 31, 2020: ₹ 52.75)

***Includes goods in transit of ₹ 0.77 (March 31, 2020: ₹ 18.79)

12 Cash and cash equivalents

	As at March 31, 2021	As at March 31, 2020
Cash on hand@	0.21	0.67
Balances with banks		
On current accounts^	3,048.99	1,394.70
Deposits with original maturity of less than three months	1,869.95	299.60
	4,919.15	**1,694.97**

@Cash on hand includes ₹ Nil (March 31, 2020: ₹ 0.36) held in foreign currency.

^Includes balance of Initial Public Offer (IPO) proceeds of ₹ 6.43 (March 31, 2020: Nil) in Current Account with a Scheduled commercial bank (under Escrow arrangement) which will be utilised as stated in the prospectus.

13 Bank balances other than cash and cash equivalents

	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Other deposit accounts				
Remaining maturity of less than 12 months^	-	-	25,106.85	11,427.28

Notes to the financial statements for the year ended March 31, 2021

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

13 Bank balances other than cash and cash equivalents (Contd..)

	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Margin money deposits#				
Remaining maturity of less than 12 months	-	-	26.02	129.68
	-	-	25,132.87	11,556.96

#Margin money deposits represent security held by bank towards bank guarantees and letter of credits issued by the bankers on behalf of the Company.

^Includes balance of Initial Public Offer (IPO) proceeds of ₹ 5,560.00 (March 31, 2020: Nil) in a Scheduled commercial bank, which will be utilised as stated in the prospectus.

Breakup of financial assets

	As at March 31, 2021	As at March 31, 2020
Valued at amortised cost		
Loans and others	494.14	225.12
Trade receivables	6,709.71	6,017.85
Cash and cash equivalents	4,919.15	1,694.97
Bank balances other than cash and cash equivalents	25,132.87	11,556.96
Total financial assets carried at amortised cost (i)	37,255.87	19,494.90
Valued at cost		
Investments	5.49	-
Total financial assets carried at cost (ii)	5.49	-
Total financial assets (i + ii)	37,261.36	19,494.90

14 Equity share capital

	As at March 31, 2021	As at March 31, 2020
Authorised		
500,000,000 (March 31, 2020: 500,000,000) equity shares of ₹ 1 each	500.00	500.00
0.001 % 5,100,000 (March 31, 2020: 5,100,000) compulsorily convertible non cumulative preference shares of ₹ 10/- each	51.00	51.00
0.001 % 1,200,000 (March 31, 2020: 1,200,000) redeemable convertible non cumulative preference shares of ₹ 10/- each	12.00	12.00
	563.00	563.00
Issued, subscribed and fully paid up shares		
163,592,923 (March 31, 2020: 15,494,949) equity shares of ₹ 1 each	163.59	154.95
	163.59	154.95

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

Equity Shares	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	154,949,490	154.95	15,494,949	154.95
Add: Increase in number of shares on account of subdivision (refer note g)	-	-	139,454,541	-
Add: Issue of shares (refer note 45)	8,333,333	8.33	-	-
Add: Shares issued on exercise of employee stock option (refer note 34)	310,100	0.31	-	-
	163,592,923	163.59	154,949,490	154.95

Notes to the financial statements for the year ended March 31, 2021

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

14 Equity share capital (Contd..)

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

Particulars	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Equity shares of ₹ 10 each	-	-	942,500	-	177,500

(b) Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company has not paid any dividend during the year ended March 31, 2021 and March 31, 2020.

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

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

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

Name of the shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	Amount	No. of Shares	Amount
Fosun Pharma Industrial Pte. Ltd., Singapore (holding company)	95,293,934	95.29	114,662,620	114.66
	95,293,934	95.29	114,662,620	114.66

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

Name of the shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	% holding	No. of Shares	% holding
Fosun Pharma Industrial Pte. Ltd., Singapore	95,293,934	58.25%	114,662,620	74.00%
Gland Celsus Bio-Chemicals Pvt Ltd	10,047,435	6.14%	20,094,870	12.97%
RP Advisory Services Pvt Ltd, being a Trustee of Empower Discretionary Trust	4,291,986	2.62%	7,867,000	5.08%

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

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

(f) Shares reserved for issue under options

During the year ended March 31, 2020, the Company has instituted "the Gland Pharma Employee Stock Option Scheme 2019" ('ESOP Scheme 2019') pursuant to approval of "the Gland Pharma Employee Stock Option Plan 2019" ('Plan'). The maximum number of shares that may be issued pursuant to the scheme shall not exceed 1,704,440 shares. Out of 1,704,440 shares, 1,549,500 shares were granted on June 27, 2019 (grant date) to the eligible employees. The aforementioned shares are after subdivision of equity shares (refer note g below).

(g) Subdivision of equity shares

(i) On March 17, 2020 the equity shares of the Company having the face value of ₹ 10 (Rupees ten only) each were subdivided into 10 (ten) equity shares having a face value of ₹ 1 (Rupee one only) each. Accordingly 15,494,949 equity shares of face value of ₹ 10 each were sub divided into 154,949,490 equity shares of face value of ₹ 1 each.

(ii) The earnings per share in respect of previous year has been computed after considering the aforesaid sub division of shares.

Notes to the financial statements for the year ended March 31, 2021

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

15 Other equity

	As at March 31, 2021	As at March 31, 2020
Securities premium account		
Balance, at the beginning of the year	**5,889.94**	**5,889.94**
Add: Amount received towards Securities premium account during the year	12,491.67	-
Less: share issue expenses (net of taxes) (refer note 45)	(214.25)	-
Add: Amount received towards Securities premium account for stock options exercised	167.76	-
Add: Amount transferred from Share based payment reserve on account of exercise of stock options	65.97	-
Balance at the end of the year	**18,401.09**	**5,889.94**
Capital redemption reserve		
Balance, at the beginning of the year	33.44	33.44
Balance at the end of the year	**33.44**	**33.44**
General reserve		
Balance, at the beginning of the year	31.22	31.22
Balance at the end of the year	**31.22**	**31.22**
Share based payment reserve		
Balance at the beginning of the year	164.84	-
Add: Shares based compensation to employees for the year (refer note 34)	155.34	164.84
Less: Exercise of stock options	(65.97)	-
Balance at the end of the year	**254.21**	**164.84**
Retained earnings		
Balance at the beginning of the year	30,257.18	22,528.60
Add: Profit for the year	9,970.05	7,728.58
Balance at the end of the year	**40,227.23**	**30,257.18**
Other comprehensive income		
Items recognised directly in Other comprehensive income		
Balance at the beginning of the year	(69.22)	(17.02)
Re-measurement loss on employee defined benefit plans (net of tax)	(8.71)	(52.20)
Balance at the end of the year	**(77.93)**	**(69.22)**
	58,869.26	**36,307.40**

Nature and purpose of reserves

Securities premium

Securities premium represents the premium on issue of shares and can be utilised in accordance with the provisions of the Companies Act, 2013.

Capital redemption reserve

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

General reserve

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

Notes to the financial statements for the year ended March 31, 2021

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

Share based payment reserve

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

16 Borrowings

	Non-Current		Current maturities	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
From others (Unsecured)				
Deferred sales tax loan (refer note below)	39.34	40.69	1.35	8.91
	39.34	**40.69**	**1.35**	**8.91**
Less: Amount disclosed under the head "other current financial liabilities" (refer note 18)	-	-	(1.35)	(8.91)
	39.34	**40.69**	**-**	**-**

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

17 Trade Payables

	As at March 31, 2021	As at March 31, 2020
Valued at amortised cost		
Trade payables to third parties		
Due to micro, small and medium enterprises (refer note 35)	65.97	33.15
Other parties	3,915.93	2,285.37
Trade payables to related parties (refer note 36)	24.65	172.42
	4,006.55	**2,490.94**

Terms and conditions of the above financial liabilities:

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

18 Other financial liabilities

	Non-Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Valued at amortised cost				
Lease liabilities (refer note 43)	7.64	9.25	1.62	1.26
Current maturities of non-current borrowings (refer note 16)	-	-	1.35	8.91
Capital creditors*	-	-	163.75	186.25
Trade deposits payable	-	-	7.37	7.37
Refund liability	17.33	17.33	-	-
Employee separation compensation payable	-	-	-	100.00
	24.97	**26.58**	**174.09**	**303.79**

*Includes amount payable to micro, small and medium enterprises of ₹ 27.35 (March 31, 2020: ₹ 16.34) (refer note 35)

Notes to the financial statements for the year ended March 31, 2021

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

18 Other financial liabilities (Contd..)

Breakup of financial liabilities

	As at March 31, 2021	As at March 31, 2020
Valued at amortised cost		
Non current borrowings	39.34	40.69
Trade payables	4,006.55	2,490.94
Current maturities of non-current borrowings	1.35	8.91
Capital creditors	163.75	186.25
Trade deposits payable	7.37	7.37
Refund liability	17.33	17.33
Employee separation compensation payable	-	100.00
Lease liabilities	9.26	10.51
Total financial liabilities carried at amortised cost	**4,244.95**	**2,862.00**

Changes in liabilities arising from financing activities for the year ended March 31, 2021:

Particulars	As at April 01, 2020	Interest	Financing cash flows	As at March 31, 2021
Non-current borrowings (including current maturities)	49.60	-	(8.91)	40.69
Lease liabilities	10.51	0.66	(1.91)	9.26
Total liabilities from financing activities	**60.11**	**0.66**	**(10.82)**	**49.95**

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

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

19 Deferred tax liability

	As at March 31, 2021	As at March 31, 2020
Deferred tax liability relating to		
Property, plant and equipment	799.01	801.00
	799.01	**801.00**
Deferred tax asset relating to		
Provision for employee benefits	56.17	47.19
Allowance for credit losses	3.58	13.02
Leases	0.45	0.25
	60.20	**60.46**
	738.81	**740.54**

Notes to the financial statements for the year ended March 31, 2021

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

19 Deferred tax liability (Contd..)

Deferred tax assets/ (liabilities):

For the year ended March 31, 2021:

	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
Property, plant and equipment	801.00	(1.99)	-	799.01
Provision for employee benefits	(47.19)	(6.05)	(2.93)	(56.17)
Allowance for credit losses	(13.02)	9.44	-	(3.58)
Leases	(0.25)	(0.20)	-	(0.45)
Deferred tax liability (net)	**740.54**	**1.20**	**(2.93)**	**738.81**

For the year ended March 31, 2020:

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

20 Provisions

	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Provision for gratuity (refer note 33)	112.09	70.19
Provision for compensatory absences	139.23	104.60
	251.32	**174.79**

21 Current tax liabilities (net)

	As at March 31, 2021	As at March 31, 2020
Income tax (net of advance tax and tax deducted at source)	286.90	107.23
	286.90	**107.23**

22 Other current liabilities

	As at March 31, 2021	As at March 31, 2020
Statutory dues	63.25	171.17
Advances from customers	342.47	342.31
	405.72	**513.48**

Notes to the financial statements for the year ended March 31, 2021

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

23 Revenue from operations

	For the year ended March 31, 2021	For the year ended March 31, 2020
A. Revenue from contract with customers		
A1. Revenue from sale of goods		
- Domestic	3,668.10	3,013.94
- Export	27,337.50	20,205.64
(A1)	**31,005.60**	**23,219.58**
A2. Revenue from sale of services		
- Domestic	1,503.76	1,043.47
- Export	1,727.01	1,454.75
(A2)	**3,230.77**	**2,498.22**
Sub-total (A=A1+A2)	**34,236.37**	**25,717.80**
B. Other operating income		
- Export incentives	392.39	614.60
(B)	**392.39**	**614.60**
(A+B)	**34,628.76**	**26,332.40**

23A Revenue from contract with customers:

(i) Disaggregated revenue information

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

	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from operations - Sale of goods	31,005.60	23,219.58
Revenue from operations - Sale of services	3,230.77	2,498.22
Total	**34,236.37**	**25,717.80**
India	5,171.86	4,057.41
Outside India	29,064.51	21,660.39
	34,236.37	**25,717.80**
Timing of revenue recognition		
Services transferred over time	3,230.77	2,498.22
Goods transferred at a point of time	31,005.60	23,219.58
Total	**34,236.37**	**25,717.80**

(ii) Contract balances

	As at March 31, 2021	As at March 31, 2020
Trade receivables	6,709.71	6,017.85
Contract liabilities	342.47	342.31

Notes to the financial statements for the year ended March 31, 2021

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

23A Revenue from contract with customers: (Contd..)

Refund liabilities

	As at March 31, 2021	As at March 31, 2020
Revenue received in advance	17.33	17.33

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

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

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

	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance at the beginning of the year	342.31	389.17
Revenue recognised during the year	(310.56)	(386.29)
Contract liabilities recognised during the year	310.72	339.43
Balance at the end of the year	**342.47**	**342.31**
Expected revenue recognition from remaining performance obligations		
- within one year	**342.47**	**342.31**

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

	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance at the beginning of the year	17.33	52.01
Amount utilized during the year	-	(34.68)
Balance at the end of the year	**17.33**	**17.33**

24 Other income

	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on		
- Fixed deposits	856.39	511.80
- Others	3.10	3.06
Foreign exchange gain (net)	405.26	693.11
Profit on disposal of property, plant and equipment (net)	0.24	173.93
Insurance claim	-	1.07
Miscellaneous income	82.77	8.71
	1,347.76	**1,391.68**

Notes to the financial statements for the year ended March 31, 2021

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

25 Cost of materials consumed

	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventory at the beginning of the year	3,024.35	4,276.99
Add: Purchases	17,042.56	6,990.28
	20,066.91	**11,267.27**
Less: Inventory at the end of the year	(5,304.01)	(3,024.35)
Cost of raw materials consumed	**14,762.90**	**8,242.92**
Cost of packing materials consumed	2,728.73	2,659.62
	17,491.63	**10,902.54**

26 Changes in inventories of finished goods, stock-in-trade and work-in-progress

	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventories at the end of the year		
Finished goods	1,759.29	687.33
Work in progress	3,639.77	1,976.86
	5,399.06	**2,664.19**
Inventories at the beginning of the year		
Finished goods	687.33	426.50
Work in progress	1,976.86	2,168.65
	2,664.19	**2,595.15**
	(2,734.87)	**(69.04)**

27 Employee benefits expense

	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, wages and bonus	2,597.09	2,381.49
Contribution to provident and other fund	112.35	104.38
Gratuity expense	51.41	36.82
Staff welfare expenses	197.41	89.09
Employee stock option compensation expenses (refer note 34)	155.34	164.84
	3,113.60	**2,776.62**

Notes to the financial statements for the year ended March 31, 2021

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

28 Other expenses

	For the year ended March 31, 2021	For the year ended March 31, 2020
Stores Consumed	463.00	342.51
Rent	8.24	7.60
Repairs and maintenance:		
- Plant and machinery	301.83	232.79
- Buildings	93.73	91.33
- Other	27.22	17.28
Rates and taxes	370.80	371.32
Quality control expenses	422.62	338.42
Research and development consumables	321.99	228.75
Legal and professional charges	78.23	91.21
Carriage outwards	329.78	104.34
Insurance	63.67	29.30
Printing and stationery	29.02	24.52
Travelling and conveyance	13.85	31.05
Selling and business promotion expenses	19.51	51.92
Sales commission	17.65	14.50
Postage and courier	1.96	3.72
Telephone expenses	10.27	9.94
Vehicle maintenance	9.29	8.15
Payment to auditors#:		
Audit fees	9.74	8.60
Certifications fees and others	0.28	0.08
Out of pocket expenses	0.09	0.38
Allowance for credit losses	1.22	43.15
Bad debts written off	2.76	16.16
Miscellaneous expenses	86.92	66.72
Corporate social responsibility(CSR) expenditure (refer note 28A)	144.23	62.14
	2,827.90	**2,195.88**

#Excludes ₹ 29.07(net of taxes) (March 31, 2020: Nil) paid towards Initial Public Offer services of which, the Company's share of expenses amounting to ₹ 5.61 has been adjusted to Securities premium during the year.

28A Details of CSR expenditure

	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Gross amount required to be spent by the Company during the year	144.23	117.73
b) Amount spent (in cash) during the year :		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	100.47	62.14

Notes to the financial statements for the year ended March 31, 2021

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

28A Details of CSR expenditure (Contd..)

Details related to spent / unspent obligations	Spent amount during the year ended March 31, 2021	Unspent amount as at March 31, 2021
- Ongoing project	32.24	43.76
- Other than ongoing project	68.23	-

Details of ongoing project and other than ongoing project	For the year ending March 31, 2021
a) Ongoing Projects :	
Opening Balance :	
With Company	-
In Separate CSR Unspent account	-
Amount required to be spent during the year :	76.00
Amount spent during the year :	
From Company's bank account	32.24
From Separate CSR Unspent account	-
Closing balance :	
With Company*	43.76
In Separate CSR Unspent account	-

*Consequent to the Companies (Corporate Social Responsibility Policy) Amendment Rules 2021 ("the Rules"), the Company has transferred the Unspent amount of ₹ 43.76 to a separate bank account subsequent to the balance sheet date.

b) Other than ongoing projects :	
Opening balance	-
Amount deposited in Specified Fund of Sch. VII within 6 months	-
Amount required to be spent during the year	68.23
Amount spent during the year	68.23
Closing balance	-

29 Finance expenses

	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expense on others	28.45	61.50
Finance charges on leases	0.66	1.01
Bank charges	5.00	9.31
	34.11	**71.82**

Notes to the financial statements for the year ended March 31, 2021

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

30 Depreciation expenses

	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on property, plant and equipment	985.75	943.97
Depreciation on right-of-use assets	2.05	1.90
	987.80	**945.87**

31 Taxes

(a) Income tax expense:

The major components of income tax expenses are:

(i) Profit or loss section

	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax	3,394.46	2,513.97
Deferred tax credit/(charged)	1.20	(318.21)
Adjustment of current income tax relating to earlier years	(17.19)	4.32
Total income tax expense recognised in statement of Profit and Loss	**3,378.47**	**2,200.08**

(ii) OCI Section

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Deferred tax credit on remeasurement of defined benefit plans	(2.93)	(17.55)
Income tax charged to OCI	**(2.93)**	**(17.55)**

(b) Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before tax (A)	13,348.52	9,928.66
Enacted tax rate in India (B)	25.17%	25.17%
Expected tax expenses (C = A*B)	3,359.56	2,498.85
Tax effect of:		
Expenses disallowed under the Income Tax Act, 1961	37.76	14.90
Adjustment for taxes with respect to earlier years	(17.19)	4.32
Impact of rate change on deferred tax	-	(301.11)
Impact of capital gain tax	(2.22)	(18.58)
Others(net)	0.56	1.70
Total (D)	**18.91**	**(298.77)**
Expected tax expense (C+D)	3,378.47	2,200.08
Income tax expense	3,378.47	2,200.08
Effective tax rate	25.31%	22.16%

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

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

Notes to the financial statements for the year ended March 31, 2021

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

32 Earnings per share (EPS)

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

	For the year ended March 31, 2021	For the year ended March 31, 2020
i) Profit for the year attributable to equity shareholders (₹)	9,970.05	7,728.58
ii) Weighted average number of equity shares in calculating basic EPS	158,076,908	154,949,490
iii) Dilutive effect of stock options outstanding	201,266	-
iv) Weighted average number of equity shares in calculating diluted EPS	158,278,174	154,949,490
v) Face value of each equity share (₹)	1.00	1.00
vi) Basic earnings per share (₹)	63.07	49.88
vii) Diluted earnings per share (₹)	62.99	49.88

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

33 Employee benefit plans

I Defined benefit plan

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

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

	For the year ended March 31, 2021	For the year ended March 31, 2020
Current service cost	47.20	35.51
Interest cost on net defined benefit liability	4.21	1.31
Net employee benefit expenses	**51.41**	**36.82**

B) Amount recognised in the Balance Sheet

	As at March 31, 2021	As at March 31, 2020
Defined benefit obligation	376.88	305.20
Fair value of plan assets	(264.79)	(235.01)
Net defined benefit liability	**112.09**	**70.19**

Notes to the financial statements for the year ended March 31, 2021

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

33 Employee benefit plans (Contd..)

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

	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening defined benefit obligation	305.20	213.52
Current service cost	47.20	35.51
Interest cost	18.28	16.14
Benefits paid	(13.80)	(28.79)
Net Actuarial losses on obligation for the year recognised under OCI	20.00	68.82
Closing defined benefit obligation	**376.88**	**305.20**

D) Change in the fair value of plan assets

	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening fair value of plan assets	235.01	196.15
Return on plan assets	14.07	14.83
Contributions	21.15	53.75
Benefits paid	(13.80)	(28.79)
Net Actuarial gain/(losses) on plan assets for the year recognised under OCI	8.36	(0.93)
Closing fair value of plan assets	**264.79**	**235.01**

The Company expects to contribute ₹ 157.66 to the gratuity fund in the next year (March 31, 2020: ₹ 110.73)

The average duration of the defined benefit obligation at the end of reporting period is 5 years (March 31, 2020: 6 years).

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

Particulars	As at March 31, 2021	As at March 31, 2020
Investments with LIC	100%	100%

E) Re-measurement adjustments:

	For the year ended March 31, 2021	For the year ended March 31, 2020
Experience loss on plan liabilities	23.52	19.57
Experience loss on plan assets	(8.36)	0.93
Financial loss on plan liabilities	5.69	82.11
Demographic gain on plan liabilities	(9.21)	(32.86)
Re measurement loss recognised in other comprehensive income	**11.64**	**69.75**

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

	As at March 31, 2021	As at March 31, 2020
Discount rate	5.75%	6.00%
Salary rise	10.00%	10.00%
Attrition Rate	18.00%	16.00%

Notes to the financial statements for the year ended March 31, 2021

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

33 Employee benefit plans (Contd..)

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

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

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

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

Expected benefit payments:

	As at March 31, 2021	As at March 31, 2020
1 year	68.16	51.44
2-5 years	189.97	141.21
6-10 years	153.29	131.67
>10 years	127.28	141.85

(iii) **Sensitivity analysis:**

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

	As at March 31, 2021	As at March 31, 2020
(a) Effect of 1% change in assumed discount rate		
- 1% increase	357.31	287.60
- 1% decrease	398.04	324.35
(b) Effect of 1% change in assumed salary growth rate		
- 1% increase	396.98	323.42
- 1% decrease	357.86	288.06
(c) Effect of 50% change in assumed attrition rate		
- 50% increase	349.76	282.17
- 50% decrease	438.48	355.25

The sensitivity analysis are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

II Defined contribution plan

	For the year ended March 31, 2021	For the year ended March 31, 2020
Contribution to provident fund	112.35	104.38

III Compensated absences

The Company provides for accumulation of compensated absences by certain categories of its employees. These employees can carry forward a portion of the unutilised compensated absences and utilise them in future periods or receive cash in lieu thereof as per the Company's policy. The Company records a liability for compensated absences in the period in which the employee renders the services that increases this entitlement. The total charge to statement of profit and loss is amounting to ₹ 38.81 and ₹ 94.91 for the year ended March 31, 2021 and March 31, 2020 respectively.

Notes to the financial statements for the year ended March 31, 2021

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

34 Share-based payments

The Company instituted the Gland Pharma Employee Stock Option Scheme 2019 ('ESOP Scheme 2019') pursuant to approval of the Gland Pharma Employee Stock Option Plan 2019 ('Plan'). ESOP Scheme 2019 has been approved by special resolution on May 24, 2019 by the shareholders at the General meeting of the Company. The scheme is to grant options to eligible employees. The Compensation Committee of the Board, based on satisfaction of prescribed criteria like number of years of service of the employee, industry experience of the employee, grade or level of the employee etc.; identifies the employees eligible for the scheme. The maximum number of shares that may be issued pursuant to exercise of options granted to the participants under ESOP plan and the relevant notified scheme(s) shall not exceed 1,704,440 shares (after subdivision of equity shares). Out of 1,704,440 shares, the committee granted 1,549,500 shares on June 27, 2019 (grant date) to eligible employees.

The method of settlement under scheme is by issue of equity shares of the Company and there are no cash settlement alternatives for the employees. Each option comprises of one underlying equity share of ₹ 1/- each (after subdivision of equity shares). The said options shall vest as 40%, 30% and 30% over the variable period subject to satisfaction of Employee performance conditions specified in the Grant Letter.

The details of ESOP Scheme are summarised below (after subdivision of equity shares):

Grant	Grant date	Number of options granted	Exercise price	Weighted average fair value of option at grant date
1st Grant	**June 27, 2019**	**1,549,500**	**542.00**	**248.46**

Movements during the year

	For the year ended March 31, 2021		For the year ended March 31, 2020	
	No. of Shares	Weighted average exercise prices (WAEP)	No. of Shares	Weighted average exercise prices (WAEP)
Outstanding as at beginning of year	1,503,500	-	-	-
Granted during the year	-	-	1,549,500	-
Exercised during the year	(310,100)	542.00	-	-
Lapsed during the year	(23,000)	-	(46,000)	-
Outstanding as at end of the year	**1,170,400**		**1,503,500**	**-**
Weighted average remaining contractual life for the stock option outstanding as at reporting date (years)	Nil, 0.75 and 1.75	-	0.75, 1.75 and 2.75	-
Exercise price for options outstanding at the end of the year(₹)	542.00	-	542.00	-
Weighted average fair value of stock options granted (₹)	248.46	-	248.46	-

Notes to the financial statements for the year ended March 31, 2021

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

34 Share-based payments (Contd..)

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

	For the year ended March 31, 2021	For the year ended March 31, 2020
Time to maturity (years)	1,2 and 3	1,2 and 3
Fair value price	677.50	677.50
Exercise price*	542.00	542.00
Option life (years)	3.00	3.00
Expected volatility (%)	30%	30%
Risk–free interest rate (%)	7.35%	7.35%
Expected dividends (%)	0%	0%
Expected term based on vesting period (weighted average term of vesting period in years)**	1.5, 2.5 and 3.5	1.5, 2.5 and 3.5

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

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

Share-based payment expense

	For the year ended March 31, 2021	For the year ended March 31, 2020
Equity settled share-based payment expense	155.34	164.84
Total expense arising from share-based payment	**155.34**	**164.84**

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

	As at March 31, 2021	As at March 31, 2020
(a) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting period.	93.32	49.49
(b) The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting period.	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting period; and	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	-	-

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

Notes to the financial statements for the year ended March 31, 2021

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

36 Related party disclosures

Names of related parties and description of relationship

Name of the related party	Relationship
Shanghai Fosun Pharmaceutical (Group) Co., Ltd., China	Ultimate Holding Company
Fosun Pharma Industrial Pte. Ltd., Singapore	Holding Company of Gland Pharma Limited
Subsidiary	
Gland Pharma International Pte. Ltd., Singapore (incorporated on March 10, 2021)	
Fellow subsidiaries	
Avanc Pharma Distribution Co., Ltd., China	
Avanc Pharmaceutical Co., Ltd., China	
Chongqing Carelife Pharmaceutical Co., Ltd., China	
Chongqing Pharmaceutical Research Institute (Changshou) Co., Ltd., China	
(w.e.f January 01, 2020 absorbed by merger with Chongqing Carelife Pharmaceutical Co., Ltd.)	
Fosun Pharma Sp. z o.o., Poland	
Fosun Pharma USA Inc., USA	
Fosun Pharmaceutical Distribution (Jiangsu) Co., Ltd., China	
Guilin Pharmaceutical Co., Ltd., China	
Jiangsu Wanbang Biopharmaceutical Company Limited, China	
Jinzhou Aohong Pharmaceutical Co., Ltd., China	
Shanghai Fosun Long March Medical Science Co., Ltd., China	
Shanghai Fosun Pharmaceutical Distribution Co. Ltd., China	
Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd., China	
Shanghai Henlius Biotech, Inc., China	
Suzhou Erye Pharmaceutical Co. Ltd., China	
Enterprise over which Key Management Personnel exercise significant influence	
Gland Chemicals Private Limited, India* (till December 03, 2020)	
Gland Celsus Bio Chemicals Private Limited, India* (till December 03, 2020)	
Dhananjaya Properties LLP* (till December 03, 2020)	
Sasikala Properties LLP* (till December 03, 2020)	

*During the period April 26, 2019 till June 02, 2019, these entities were not related parties as none of the Key Management Personnel (KMP) of the Company were exercising significant influence over these entities during such period.

Key Management Personnel

Ravindranath Penmetsa (Dr. Ravi Penmetsa)	Managing Director and Chief Executive Officer (upto April 25, 2019)
	Director in Fosun Pharma Industrial Pte. Ltd. (w.e.f June 03, 2019 till December 03, 2020)
Srinivas Sadu	Chief Operating Officer (COO) (upto April 25, 2019)
	Managing Director and Chief Executive Officer (w.e.f. April 25, 2019)
Ravi Shekhar Mitra	Chief Financial Officer (w.e.f September 30, 2019)
Satyanarayana Murthy Chavali	Independent Director

Notes to the financial statements for the year ended March 31, 2021

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

36 Related party disclosures (Contd..)

Name of the related party	Relationship
Moheb Ali Mohammed	Independent Director (upto October 8, 2020)
Yiu Kwan Stanley Lau	Chairman and Independent Director (w.e.f June 10, 2019)
P. Sampath Kumar	Company Secretary
Udo J. Vetter	Director
Essaji Goolam Vahanvati	Independent Director (w.e.f. September 30, 2020)
Relatives of Key Management Personnel	
K. Jhansi Lakshmi (till December 03, 2020)	

Transactions during the year:

	Nature	For the year ended March 31, 2021	For the year ended March 31, 2020
Enterprise over which Key Management Personnel exercise significant influence			
Gland Celsus Biochemicals Private Limited	Sale of service	17.11	-
Gland Chemicals Private Limited	Purchase of raw material	1,085.11	1,183.73
Gland Chemicals Private Limited	Sale of goods	3.69	0.53
Dhananjaya Properties LLP	Rent expense	1.63	2.36
Sasikala Properties LLP	Rent expense	0.60	0.85
Subsidiary			
Gland Pharma International Pte. Ltd., Singapore	Investments made	5.49	-
Ultimate Holding Company			
Shanghai Fosun Pharmaceutical (Group) Co., Ltd.	Sale of service	11.40	-
Holding Company of Gland Pharma Limited			
Fosun Pharma Industrial Pte. Ltd.	Sale of service	18.00	-
Fellow subsidiaries			
Chongqing Carelife Pharmaceutical Co., Ltd.	Purchase of raw material	93.74	-
Chongqing Carelife Pharmaceutical Co., Ltd.	Reimbursement of expense	-	1.62
Chongqing Pharmaceutical Research Institute (Changshou) Co., Ltd.	Reimbursement of expense	-	1.62
Fosun Pharma Sp. z o.o.	Reimbursement of expense	0.34	0.67
Fosun Pharma USA Inc.	Sale of goods	809.50	407.93
Fosun Pharma USA Inc.	Sale of services	226.94	201.48
Fosun Pharma USA Inc.	Reimbursement of expense	43.03	34.29
Fosun Pharmaceutical Distribution (Jiangsu) Co., Ltd.	Sale of goods	-	1.94
Guilin Pharmaceutical Co., Ltd.	Sale of goods	5.05	12.18
Guilin Pharmaceutical Co., Ltd.	Sale of services	-	2.81
Guilin Pharmaceutical Co., Ltd.	Reimbursement of expense	-	1.62
Jiangsu Wanbang Biopharmaceutical Company Limited	Purchase of raw material	908.40	85.20

Notes to the financial statements for the year ended March 31, 2021

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

36 Related party disclosures (Contd..)

	Nature	For the year ended March 31, 2021	For the year ended March 31, 2020
Jiangsu Wanbang Biopharmaceutical Company Limited	Sale of services	12.06	3.99
Jiangsu Wanbang Biopharmaceutical Company Limited	Reimbursement of expense	-	1.62
Jinzhou Aohong Pharmaceutical Co., Ltd.	Sale of services	-	13.34
Shanghai Fosun Long March Medical Science Co., Ltd.	Purchase of traded goods	24.12	-
Shanghai Fosun Pharmaceutical Distribution Co. Ltd.	Reimbursement of expense	1.09	-
Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.	Sale of services	-	10.43
Shanghai Henlius Biotech, Inc.	Reimbursement of expense	-	1.62
Suzhou Erye Pharmaceutical Co. Ltd.	Purchase of raw material	0.21	-
Key Management Personnel^			
Dr. Ravi Penmetsa	Remuneration	-	2.49
Srinivas Sadu	Remuneration	64.17	33.22
Srinivas Sadu	Employee stock option compensation expense	25.26	25.55
Ravi Shekhar Mitra	Remuneration	27.48	5.74
Satyanarayana Murthy Chavali	Sitting fee	1.00	0.70
Satyanarayana Murthy Chavali	Commission	1.48	1.51
Moheb Ali Mohammed	Sitting fee	0.30	0.60
Moheb Ali Mohammed	Commission	0.74	1.51
Yiu Kwan Stanley Lau	Sitting fee	1.00	0.50
Yiu Kwan Stanley Lau	Commission	4.43	4.54
Udo J. Vetter	Sitting fee	0.90	0.20
Essaji Goolam Vahanvati	Sitting fee	0.60	-
P. Sampath Kumar	Remuneration	8.84	3.46
P. Sampath Kumar	Employee stock option compensation expense	1.68	1.70
Relatives of Key Management Personnel			
K. Jhansi Lakshmi	Rent expense	0.61	0.84

Closing balances receivable/(payable) (Unsecured):

	As at March 31, 2021	As at March 31, 2020
Gland Chemicals Private Limited	-	(165.13)
Shanghai Fosun Pharmaceutical Distribution Co. Ltd.	0.64	-
Fosun Pharma USA Inc.	357.97	106.39
Shanghai Fosun Pharmaceutical (Group) Co., Ltd.	11.45	-
Fosun Pharmaceutical Distribution (Jiangsu) Co., Ltd.	-	2.07
Guilin Pharmaceutical Co., Ltd.	-	0.56
Avanc Pharma Distribution Co., Ltd	(7.16)	-
Avanc Pharmaceutical Co., Ltd.	(0.72)	-

Notes to the financial statements for the year ended March 31, 2021

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

36 Related party disclosures (Contd..)

	As at March 31, 2021	As at March 31, 2020
Jiangsu Wanbang Biopharmaceutical Company Limited	-	4.26
Shanghai Fosun Long March Medical Science Co., Ltd.	(16.63)	-
Dhananjaya Properties LLP	-	(0.22)
Sasikala Properties LLP	-	(0.07)
Dr. Ravi Penmetsa	-	(100.00)
Srinivas Sadu	(2.07)	-
Ravi Shekhar Mitra	(0.47)	(0.44)
P. Sampath Kumar	(0.14)	(0.08)
K. Jhansi Lakshmi	-	(0.06)
Yiu Kwan Stanley Lau	(3.12)	(3.47)
Moheb Ali Mohammed	(0.78)	(1.36)
Satyanarayana Murthy Chavali	(1.37)	(1.45)
Udo J. Vetter	(0.07)	(0.14)

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

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

37 Significant accounting judgements, estimates and assumptions

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

Judgements, estimates and assumptions

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

(i) Defined employee benefit plans (Gratuity)

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

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

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries. Further details about gratuity obligations are given in note 33.

Notes to the financial statements for the year ended March 31, 2021

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

37 Significant accounting judgements, estimates and assumptions (Contd.)

(ii) Depreciation on property, plant and equipment

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

(iii) Leases - Estimating the incremental borrowing rate

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

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

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

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

(v) Estimation of net realisable value of inventories

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

(vi) Share based payment

The Company measures the cost of equity-settled transactions with employees using Black Scholes model. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 34.

38 Fair Values

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

	Carrying value		Fair value	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Financial assets at amortised cost:				
Loans and others	494.14	225.12	494.14	225.12
Trade receivables	6,709.71	6,017.85	6,709.71	6,017.85
Cash and cash equivalents	4,919.15	1,694.97	4,919.15	1,694.97
Bank balances other than 'Cash and cash equivalents'	25,132.87	11,556.96	25,132.87	11,556.96
Financial assets at cost:				
Investment in Unquoted equity shares	5.49	-	5.49	-

Notes to the financial statements for the year ended March 31, 2021

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

38 Fair Values (Contd..)

	Carrying value		Fair value	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Financial liabilities at amortised cost:				
Borrowings (including current maturities)	40.69	49.60	40.69	49.60
Trade payables	4,006.55	2,490.94	4,006.55	2,490.94
Other financial liabilities	197.71	321.46	197.71	321.46

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

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

39 Financial risk management objectives and policies

Financial Risk Management Framework

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

A Credit Risk

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

Trade receivables:

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

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

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 6,709.71 and ₹ 6,017.85 as of March 31, 2021 and March 31, 2020 respectively, being the total of the carrying amount of balances with trade receivables.

Notes to the financial statements for the year ended March 31, 2021

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

39 Financial risk management objectives and policies (Contd..)

B Liquidity Risk

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

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

	Up to 1 Year	1 to 3 years	3 to 5 years	> 5 years	Total
March 31, 2021:					
Borrowings (including current maturities)	1.35	6.80	21.52	11.02	40.69
Trade payables	4,006.55	-	-	-	4,006.55
Other financial liabilities	190.84	5.10	3.74	-	199.68
	4,198.74	**11.90**	**25.26**	**11.02**	**4,246.92**
March 31, 2020:					
Borrowings (including current maturities)	8.91	2.55	12.70	25.44	49.60
Trade payables	2,490.94	-	-	-	2,490.94
Other financial liabilities	313.12	4.78	5.70	0.75	324.35
	2,812.97	**7.33**	**18.40**	**26.19**	**2,864.89**

C Market Risk

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

C1. Foreign currency risk

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

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

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

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

		As at March 31, 2021			As at March 31, 2020		
	Currency	Amount in Foreign Currency	Amount in ₹	Conversion Rate	Amount in Foreign Currency	Amount in ₹	Conversion Rate
Cash and cash equivalents	US$	40.12	2,930.32	73.04	17.32	1,302.21	75.20
	EURO	0.31	26.51	85.27	0.00	0.25	82.63
	RMB	-	-	-	0.03	0.36	10.60
Trade receivables	US$	79.34	5,795.27	73.04	69.52	5,227.92	75.20
	EURO	1.03	87.53	85.27	0.05	4.13	82.63
	AUD	0.07	3.66	55.24	0.15	6.79	46.28
	CAD	0.52	30.04	57.71	0.73	38.46	52.83

Notes to the financial statements for the year ended March 31, 2021

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

39 Financial risk management objectives and policies (Contd..)

	Currency	As at March 31, 2021 Amount in Foreign Currency	Amount in ₹	Conversion Rate	As at March 31, 2020 Amount in Foreign Currency	Amount in ₹	Conversion Rate
Trade payables	US$	29.87	2,206.43	73.86	10.77	815.07	75.71
	EURO	1.99	172.18	86.63	1.01	84.34	83.73
	GBP	0.03	2.96	101.76	-	-	-
Capital creditors	US$	1.00	73.63	73.86	1.22	92.26	75.71
	EURO	0.06	4.92	86.63	0.22	18.38	83.73

(b) Foreign currency sensitivity:

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

	Change in exchange rate		Effect on profit before tax	
	Increase	Decrease	Increase/(Decrease)	
March 31, 2021				
US$	1.00%	1.00%	64.45	(64.45)
EURO	1.00%	1.00%	(0.63)	0.63
March 31, 2020				
US$	1.00%	1.00%	56.23	(56.23)
EURO	1.00%	1.00%	(0.98)	0.98

40 Impact of COVID-19 Outbreak

The outbreak of COVID-19 in many countries has brought about disruptions to businesses around the world and uncertainty to the global economy. The Company is closely monitoring the impact of the pandemic on all aspects of its business, including how it will impact its customers, employees, vendors and business partner. Based on the current estimates, the Company expects to fully recover the carrying amount of assets and does not foresee any significant impact on its operations. The Company will continue to closely monitor any material changes to future economic conditions.

41 Capital management

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

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

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2021 and March 31, 2020.

Notes to the financial statements for the year ended March 31, 2021

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

42 Commitments and contingencies

a. Commitments

	As at March 31, 2021	As at March 31, 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,445.31	1,227.06
Other commitments	Nil	Nil

b. Contingent liabilities

	As at March 31, 2021	As at March 31, 2020
(i) Outstanding bank guarantees (excluding performance obligations)	638.24	14.58
(ii) Claims against the Company not acknowledged as debts	31.78	29.90
(iii) Demand for direct taxes	16.76	16.76
(iv) Demand for indirect taxes		
Entry tax	46.95	47.01
Service tax	7.99	4.79
Value Added Tax and CST	5.30	5.30
(v) Provident Fund		
There are numerous interpretative issues relating to the Supreme Court (SC) judgement on Provident Fund (PF) dated 28th February, 2019. As a matter of caution, the Company has accordingly made the payments prospectively with effect from the order date. The Company will update its position, on receiving further clarity on the subject.		

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

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

43 Leases

Company as a Lessee

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

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

	Amount
As at April 01, 2019	**11.41**
Depreciation expense	(1.90)
As at March 31, 2020	**9.51**
Depreciation expense	(2.05)
As at March 31, 2021	**7.46**

Notes to the financial statements for the year ended March 31, 2021

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

43 Leases (Contd..)

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

	Amount
As at April 01, 2019	**11.41**
Accretion of interest	1.01
Payment	(1.91)
As at March 31, 2020	**10.51**
Accretion of interest	0.66
Payment	(1.91)
As at March 31, 2021	**9.26**

Maturity analysis of lease liabilities is as follows:

	As at March 31, 2021	As at March 31, 2020
Within one year	2.39	1.91
After one year but not more than three years	5.10	4.78
After three years but not more than five years	3.74	5.70
More than five years	-	0.75
	11.23	**13.14**

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

	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation expense on right-of-use assets	2.05	1.90
Interest expense on lease liabilities	0.66	1.01
Expense relating to short-term leases (included in other expenses)	8.24	7.60
Total amount recognised in statement of profit and loss	**10.95**	**10.51**

The Company has total cash outflow for leases of ₹ 1.91 and ₹ 1.91 for the year ended March 31, 2021 and March 31, 2020 respectively.

44 Segment reporting

In accordance with Ind AS 108 “Operating Segments”, segment information has been given in the consolidated financial statements of the Company, and therefore no separate disclosure on segment information is given in these financial statements.

Notes to the financial statements for the year ended March 31, 2021

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

45 The Company has completed the Initial Public Offer ("IPO") of 43,196,968 Equity Shares of the face value of ₹ 1/- each at an issue price of ₹ l,500/- per Equity Share, comprising offer for sale of 34,863,635 shares by Selling Shareholders and fresh issue of 8,333,333 shares. The Equity Shares of the Company are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") on November 20, 2020.

The utilisation of the net IPO proceeds is summarised below:

Objects of the issue	Amount as per prospectus	Revised Amount	Utilisation upto 31-Mar-21	Unutilised amounts as at 31-Mar-21
Funding incremental working capital requirement	7,695.00	7,695.00	3,703.12	3,991.88
Funding capital expenditure requirement	1,680.00	1,680.00	105.45	1,574.55
General corporate purpose	2,864.68	2,875.00	2,875.00	-
Total	**12,239.68**	**12,250.00**	**6,683.57**	**5,566.43**

IPO proceeds which were unutilised as at March 31, 2021 were temporarily invested in deposits with scheduled commercial bank and in monitoring agency account.

The total offer expenses are ₹ 1,336.19 (inclusive of taxes) which are proportionately allocated between the selling shareholders and the Company as per respective offer size. The Company's share of these expenses is ₹ 250 (inclusive of taxes), of which ₹ 214.25 (excluding taxes) has been adjusted against securities premium.

46 Research and development

	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue expenditure (including depreciation)	1,198.59	909.32
Capital expenditure	20.96	12.55
	1,219.55	**921.87**

47 The Code of Social Security 2020 ('Code') relating to employee benefits during employment and post-employment received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period in which the Code becomes effective.

48 On March 10, 2021, the Company has subscribed to 100% of shares in Gland Pharma International Pte. Ltd., Singapore by way of subscription to the Memorandum of Association.

49 Subsequent events

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

As per our report of even date attached

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

per **Navneet Rai Kabra**
Partner
Membership No. 102328

Place: Hyderabad
Date: May 17, 2021

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

Srinivas Sadu
Managing Director and
Chief Executive Officer
DIN: 06900659

Satyanarayana Murthy Chavali
Independent Director
DIN: 00142138

P. Sampath Kumar
Company Secretary

Ravi Shekhar Mitra
Chief Financial Officer

Place: Hyderabad
Date: May 17, 2021

Consolidated Financial Statements

Consolidated Financial Statements

Independent Auditor's Report

To the Members of Gland Pharma Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Gland Pharma Limited (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31, 2021, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of the other auditor on separate financial statements and on the other financial information of the subsidiary, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2021, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group, in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us , including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Revenue from sale of products and services Refer to Note 2.1 (e) of the summary of significant accounting policies to the consolidated Ind AS financial statements. Revenue is recognised when the entity has transferred the control for the promised goods or on completion of performance obligation. The Group has a large number of customers operating in various geographies and sale contracts with customers have different terms relating to the recognition of revenue. Terms of sales arrangement, including the timing of transfer of control, Inco terms and identification of Performance obligations in case of service contracts require significant judgement in determining revenue. We identified the recognition of revenue from sale of products and services as a key audit matter as revenue is a key performance indicator and there could be a risk that revenue is recognised in the incorrect period.	Our audit procedures included the following: • We evaluated the Group's accounting policies related to revenue recognition and assessed its compliance in terms of Ind-AS 115 'Revenue from contracts with customers'; • We performed a walkthrough, evaluated the design and tested the operating effectiveness of controls related to the revenue recognition process; • For revenue from sale of products, we selected samples (including year-end testing of cut-off transactions) and tested the underlying documents, including customer contracts, invoices and shipping documents to assess and analyze the timing of recognition of revenue and contractual terms; Performed trend analysis over revenue as compared to previous periods. • For revenue from sale of services, we selected samples and tested underlying documents and read, analysed the distinct performance obligations in these contracts. • We assessed the disclosures in accordance with Ind AS 115 "Revenue from contracts with customers".

Independent Auditor's Report

Other Information

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

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

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

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due

Independent Auditor's Report

to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entity included in the consolidated Ind AS financial statements, which has been audited by other auditor, such other auditor remains responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company 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 consolidated Ind AS financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements and other financial information, in respect of one subsidiary, whose financial statements include total assets of ₹ 5.76 million as at March 31, 2021, and total revenues of ₹ Nil and net cash inflows of ₹ 5.48 million for the year ended on that date. These financial statement and other financial information have been audited by other auditor, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the report(s) of such other auditor.

This subsidiary is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in it's respective country and which has been audited by the other auditor under generally accepted auditing standards applicable in it's country. The Holding Company's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in it's country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditor and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Independent Auditor's Report

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor and the financial statements and other financial information certified by the Management.

The Holding Company is preparing the consolidated Ind AS financial statements for the first time and the comparative figures of the year ended March 31, 2020 represents the figures of the standalone Ind AS financial statements of the Holding Company as explained in note 2 to the consolidated Ind AS financial statements.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of subsidiary, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditor whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditor;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company none of the directors of the Holding company, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company, refer to our separate Report in "Annexure 1" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Holding Company, to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements as also the other financial information of the subsidiary, as noted in the 'Other matter' paragraph:

   i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, in its consolidated Ind AS financial statements – Refer Note 41 to the consolidated Ind AS financial statements;

   ii. The Group, did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2021;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, during the year ended March 31, 2021.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Navneet Rai Kabra**
Partner
Membership Number: 102328
UDIN: 21102328AAAACU4834

Place of Signature: Hyderabad
Date: May 17, 2021

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF GLAND PHARMA LIMTED

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

In conjunction with our audit of the consolidated Ind AS financial statements of Gland Pharma Limited as of and for the year ended March 31, 2021, we have audited the internal financial controls of Gland Pharma Limited (hereinafter referred to as the "Holding Company") as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be 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 with reference to these consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls With Reference to these Consolidated Ind AS Financial Statements

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

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF GLAND PHARMA LIMTED

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

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

Opinion

In our opinion, the Holding Company has maintained in all material respects, adequate internal financial controls with reference to these consolidated Ind AS financial statements and such internal financial controls with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Navneet Rai Kabra**
Partner
Membership Number: 102328
UDIN: 21102328AAAACU4834

Place of Signature: Hyderabad
Date: May 17, 2021

Consolidated Balance Sheet as at March 31, 2021

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

Particulars	Note	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	9,534.86	9,671.49
Capital work-in-progress	3	3,378.06	1,884.66
Right-of-use assets	4	7.46	9.51
Financial assets			
Other financial assets	6	69.52	69.15
Tax assets (net)	8	20.71	14.51
Other non-current assets	9	713.79	748.17
		13,724.40	12,397.49
Current assets			
Inventories	10	12,751.68	7,562.79
Financial assets			
Loans	5	2.54	4.96
Trade receivables	7	6,709.71	6,017.85
Cash and cash equivalents	11	4,924.63	1,694.97
Bank balances other than cash and cash equivalents	12	25,132.87	11,556.96
Other financial assets	6	422.08	151.01
Tax assets (net)	8	-	95.35
Other current assets	9	1,292.91	1,379.01
		51,236.42	28,462.90
Total Assets		**64,960.82**	**40,860.39**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	163.59	154.95
Other equity	14	58,868.83	36,307.40
Equity attributable to the owners of the Company		**59,032.42**	**36,462.35**
Non-controlling interests		-	-
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	15	39.34	40.69
Other financial liabilities	17	24.97	26.58
Deferred tax liability (net)	18	738.81	740.54
		803.12	**807.81**
Current liabilities			
Financial liabilities			
Trade payables	16		
Total outstanding dues of micro, small and medium enterprises		65.97	33.15
Total outstanding dues of creditors other than micro, small and medium enterprises		3,941.28	2,457.79
Other financial liabilities	17	174.09	303.79
Provisions	19	251.32	174.79
Current tax liabilities (net)	20	286.90	107.23
Other current liabilities	21	405.72	513.48
		5,125.28	**3,590.23**
Total Equity and Liabilities		**64,960.82**	**40,860.39**
Summary of significant accounting policies	2.1		

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

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

per **Navneet Rai Kabra**
Partner
Membership No. 102328

Place: Hyderabad
Date: May 17, 2021

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

Srinivas Sadu
Managing Director and
Chief Executive Officer
DIN: 06900659

Satyanarayana Murthy Chavali
Independent Director
DIN: 00142138

P. Sampath Kumar
Company Secretary

Ravi Shekhar Mitra
Chief Financial Officer

Place: Hyderabad
Date: May 17, 2021

Consolidated Statement of Profit and Loss

for the year ended March 31, 2021
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
INCOME			
Revenue from operations	22	34,628.76	26,332.40
Other income	23	1,347.76	1,391.68
Total income (I)		**35,976.52**	**27,724.08**
EXPENSES			
Cost of materials consumed	24	17,491.63	10,902.54
Purchase of traded goods		161.98	186.73
Changes in inventories of finished goods, stock-in-trade and work-in-progress	25	(2,734.87)	(69.04)
Power and fuel		745.85	785.00
Employee benefits expense	26	3,113.60	2,776.62
Depreciation expense	29	987.80	945.87
Finance expenses	28	34.11	71.82
Other expenses	27	2,828.32	2,195.88
Total expenses (II)		**22,628.42**	**17,795.42**
Profit before tax (III)= (I-II)		**13,348.10**	**9,928.66**
Tax expenses	30		
Current tax		3,394.46	2,513.97
Deferred tax charge/(credit)		1.20	(318.21)
Taxes for earlier years		(17.19)	4.32
Total tax expense (IV)		**3,378.47**	**2,200.08**
Profit for the year (V)=(III-IV)		**9,969.63**	**7,728.58**
Attributable to:			
- Owners of the Company		9,969.63	7,728.58
- Non-controlling interests		-	-
OTHER COMPREHENSIVE INCOME (OCI)			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of net investment in foreign operations		0.01	-
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement loss on employee defined benefit plans		11.64	69.75
Deferred tax income on remeasurement of defined benefit plans		(2.93)	(17.55)
Total other comprehensive loss for the year, net of tax (VI)		**8.72**	**52.20**
Total comprehensive income for the year, net of tax (VII)=(V-VI)		**9,960.91**	**7,676.38**
Attributable to:			
- Owners of the Company		9,960.91	7,676.38
- Non-controlling interests		-	-
Earnings per share:	31		
Basic, computed on the basis of profit attributable to equity holders		63.07	49.88
Diluted, computed on the basis of profit attributable to equity holders		62.99	49.88
Summary of significant accounting policies	2.1		

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

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

per **Navneet Rai Kabra**
Partner
Membership No. 102328

Place: Hyderabad
Date: May 17, 2021

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

Srinivas Sadu
Managing Director and
Chief Executive Officer
DIN: 06900659

Satyanarayana Murthy Chavali
Independent Director
DIN: 00142138

P. Sampath Kumar
Company Secretary

Ravi Shekhar Mitra
Chief Financial Officer

Place: Hyderabad
Date: May 17, 2021

Consolidated Statement of Changes in Equity

for the year ended March 31, 2021

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

a. Equity share capital

Equity shares of ₹1 each, issued, subscribed and fully paid	No.	₹
As at April 01, 2019	**15,494,949**	**154.95**
Add: Increase in number of shares on account of subdivision (refer note 13(g))	139,454,541	-
As at March 31, 2020	**154,949,490**	**154.95**
Add: Issued during the year (refer note 13(a))	8,643,433	8.64
As at March 31, 2021	**163,592,923**	**163.59**

b. Other equity

Particulars	Reserves and surplus					Other comprehensive income		Total
	Securities premium	Capital redemption reserve	General reserve	Share based payment reserve	Retained earnings	Re-measurement loss on employee defined benefit plans (net of tax)	Foreign currency translation reserve	
As at April 01, 2019	**5,889.94**	**33.44**	**31.22**	**-**	**22,528.60**	**(17.02)**	**-**	**28,466.18**
Profit for the year	-	-	-	-	7,728.58	-	-	7,728.58
Other comprehensive income	-	-	-	-	-	(52.20)	-	(52.20)
Employee stock option compensation expenses (refer note 33)	-	-	-	164.84	-	-	-	164.84
As at March 31, 2020	**5,889.94**	**33.44**	**31.22**	**164.84**	**30,257.18**	**(69.22)**	**-**	**36,307.40**
Profit for the year	-	-	-	-	9,969.63	-		9,969.63
Other comprehensive income	-	-	-	-	-	(8.71)	(0.01)	(8.72)
Issue of equity shares during the year	12,491.67	-	-	-	-	-	-	12,491.67
Share issue expenses (net of taxes) (refer note 44)	(214.25)	-	-	-	-	-	-	(214.25)
Issue of equity shares on exercise of employee stock options	167.76	-	-	-	-	-	-	167.76
Employee stock option compensation expenses (refer note 33)	-	-	-	155.34	-	-	-	155.34
Transfer to Securities premium on exercise of employee stock options	65.97	-	-	(65.97)	-	-	-	-
As at March 31, 2021	**18,401.09**	**33.44**	**31.22**	**254.21**	**40,226.81**	**(77.93)**	**(0.01)**	**58,868.83**

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

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

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

per **Navneet Rai Kabra**
Partner
Membership No. 102328

Srinivas Sadu
Managing Director and
Chief Executive Officer
DIN: 06900659

Satyanarayana Murthy Chavali
Independent Director
DIN: 00142138

P. Sampath Kumar
Company Secretary

Ravi Shekhar Mitra
Chief Financial Officer

Place: Hyderabad
Date: May 17, 2021

Place: Hyderabad
Date: May 17, 2021

Consolidated Statement of Cash Flows

for the year ended March 31, 2021

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash flow from operating activities		
Profit before tax	13,348.10	9,928.66
Adjustments to reconcile profit before tax to net cash flows		
Depreciation expense	987.80	945.87
Allowance for credit losses	1.22	43.15
Bad debts written off	2.76	16.16
Interest expense	28.45	61.50
Finance charges on leases	0.66	1.01
Employee stock option compensation (refer note 33)	155.34	164.84
Unrealised foreign exchange gain	(113.64)	(222.26)
Provision for doubtful debts, no longer required written back	(29.83)	-
Profit on disposal of property, plant and equipment (net)	(0.24)	(173.93)
Interest income	(859.49)	(514.86)
Operating profit before working capital changes	**13,521.13**	**10,250.14**
Movements in working capital:		
Increase in trade receivables	(602.01)	(805.17)
(Increase)/Decrease in inventories	(5,188.89)	1,555.97
Increase in loans, deposits and others	(28.90)	(6.73)
Decrease in other assets	76.91	520.57
Increase/(Decrease) in trade payables and other financial liabilities	1,428.17	(2,146.73)
(Decrease)/Increase in provisions and other liabilities	(42.87)	82.67
Cash generated from operations	**9,163.54**	**9,450.72**
Income tax paid (net of refunds)	(3,114.25)	(2,441.37)
Net cash flow from operating activities (A)	**6,049.29**	**7,009.35**
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,287.76)	(1,946.62)
Proceeds from disposal of property, plant and equipment	4.30	238.86
Investment in bank deposits (net)	(13,575.91)	(6,387.49)
Interest received	619.37	434.47
Net cash flow used in investing activities (B)	**(15,240.00)**	**(7,660.78)**
Cash flows from financing activities		
Proceeds from issue of equity shares (net of issue expenses)	12,250.00	-
Proceeds from the exercise of employee stock option	168.07	-
Repayment of long-term borrowings	(8.91)	(5.30)
Payment towards interest portion of lease liabilities	(0.66)	(1.01)
Payment towards principal portion of lease liabilities	(1.25)	(0.90)
Interest paid	(22.65)	(61.50)
Net cash flows from/(used in) financing activities (C)	**12,384.60**	**(68.71)**
Net increase in cash and cash equivalents (A+B+C)	**3,193.89**	**(720.14)**
Effect of exchange differences on cash and cash equivalents held in foreign currency	35.77	51.09
Cash and cash equivalents at the beginning of the year	1,694.97	2,364.02
Cash and cash equivalents at the end of the year	**4,924.63**	**1,694.97**
Components of cash and cash equivalents		
Cash on hand	0.21	0.67
With banks in current account	3,054.47	1,394.70
With banks in deposit account	1,869.95	299.60
Total cash and cash equivalents (refer note 11)	**4,924.63**	**1,694.97**
Summary of significant accounting policies (refer note 2.1)		

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

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

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

per **Navneet Rai Kabra**
Partner
Membership No. 102328

Srinivas Sadu
Managing Director and
Chief Executive Officer
DIN: 06900659

Satyanarayana Murthy Chavali
Independent Director
DIN: 00142138

P. Sampath Kumar
Company Secretary

Ravi Shekhar Mitra
Chief Financial Officer

Place: Hyderabad
Date: May 17, 2021

Place: Hyderabad
Date: May 17, 2021

Notes to the consolidated financial statements

for the year ended March 31, 2021

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

1. Group information

The consolidated financial statements comprise consolidated financial statements of Gland Pharma Limited (the 'Holding Company' or the 'Company') and its subsidiary (collectively, the 'Group') for the year ended March 31, 2021. Gland Pharma Limited is a public limited company domiciled in India and is incorporated on March 20, 1978 under the provisions of the Companies Act applicable in India.

The Group is primarily engaged in manufacturing injectable formulations. The Company's shares are listed on two recognised stock exchanges in India. The registered office of the Company is located at Sy No. 143-148,150,151, Near Gandimaisamma X Roads, D.P.Pally, Dundigal, Dundigal - Gandimaisamma Mandal, Hyderabad, Medchal – Malkajgiri district, Telangana, 500043.

The consolidated financial statements were approved for issue in accordance with a resolution of the Board of directors on May 17, 2021.

2. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendment Rules, 2016, as amended from time to time and other accounting principles generally accepted in India and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III).

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

The Company has incorporated a subsidiary - Gland Pharma International Pte. Ltd., Singapore during the year ended March 31, 2021 and is preparing the consolidated Ind AS financial statements for the first time. The comparative figures of the year ended March 31, 2020 represents the figures of the standalone Ind AS financial statements of the Company for the year ended March 31, 2020.

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

2.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at March 31, 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Notes to the consolidated financial statements

for the year ended March 31, 2021

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The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Recognise that distribution of shares of subsidiary to the Company in Company's capacity as owners
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or transferred directly to retained earnings, if required by other Ind ASs as would be required if the Group had directly disposed of the related assets or liabilities

2.2 Summary of significant accounting policies

(a) Amended standards

Several amendments apply for the first time for the year ended March 31, 2021, but do not have significant impact on the consolidated financial statements of the Group.

(b) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

Notes to the consolidated financial statements

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The Group classifies all other liabilities as non-current.

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

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

(c) Foreign currencies

The consolidated financial statements are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

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

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

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

Foreign operations

Foreign exchange gains and losses arising from a monetary item receivable from a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of the net investment in the foreign operation and are recognised in OCI and presented within equity as a part of foreign currency translation reserve("FCTR").

In case of foreign operations whose functional currency is different from the parent company's functional currency, the assets and liabilities of such foreign operations, including goodwill and fair value adjustments arising upon acquisition, are translated to the reporting currency at exchange rates at the reporting date. The income and expenses of such foreign operations are translated to the reporting currency at the monthly average exchange rates prevailing during the year. Resulting foreign currency differences are recognised in OCI and presented within equity as part of FCTR. When a foreign operation is disposed of, in part or in full, such that control, significant influence or joint control is lost, the relevant amount in the FCTR is transferred to the consolidated statement of profit and loss.

(d) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

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

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

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

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

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

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

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

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

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

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

(e) Revenue recognition

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

Sale of products

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer and is net of trade discounts, sales returns and sales tax and goods & service tax (GST), where applicable, and the additional amount of profit share in case of exclusive arrangement, is recognised based on the terms of the agreement entered into with the customers, in the period when the collectability of the profit share becomes probable and a reliable measure of the profit share is available. The point at which control passes is determined based on the terms and conditions by each customer arrangement, but generally occurs on dispatch to the customer.

Sale of services

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

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

Contract balances

Contract assets

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

Trade receivables

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

Contract liabilities

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

Interest income

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

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Export benefits, incentives and licenses

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

(f) Taxes

Current income tax

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

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

Deferred tax

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

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

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

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

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

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

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

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

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

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

(g) Property, plant and equipment

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

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of profit and loss for the period during which such expenses are incurred.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previo4usly assessed standard of performance or extends its estimated useful life.

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

Depreciation

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

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

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

(h) Leases

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

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

Group as a lessee

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

Right-of-use assets

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

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Lease liabilities

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

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

Short-term leases and leases of low-value assets

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

(i) Inventories

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

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

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

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

(j) Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at each reporting date and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(k) Provisions, Contingent liabilities and Contingent assets

Provisions

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

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

Contingent liabilities

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

Contingent assets

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

(l) Retirement and other employee benefits

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

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

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

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets

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(excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

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

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

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

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

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

(m) Share - based payments

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

Equity-settled transactions

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

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

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

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

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

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

(n) Financial instruments

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

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for the year ended March 31, 2021

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

Financial assets

Initial recognition and measurement

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

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

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

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

Subsequent measurement

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

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

Debts Instrument at amortised cost

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

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Debts Instrument at FVTOCI

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

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

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

Debts Instrument at FVTPL

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

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for the year ended March 31, 2021

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

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

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

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

Equity investments:

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

Derecognition

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

a) the rights to receive cash flows from the asset have expired, or

b) the Group has transferred its rights to receive cash flows from the asset, and

   i. the Group has transferred substantially all the risks and rewards of the asset, or

   ii. the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

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

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

i. Financial liabilities at fair value through profit or loss

ii. Financial liability at amortised cost

Loans and borrowings

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

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

Derecognition

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

Reclassification of financial instruments

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate

Notes to the consolidated financial statements

for the year ended March 31, 2021

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

any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

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

(o) Cash and cash equivalents

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

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

(p) Research and Development

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

(q) Earnings Per Share

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

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

(r) Segment reporting

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

Notes to the consolidated financial statements for the year ended March 31, 2021

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

3 Property, plant and equipment

Particulars	Freehold Land	Buildings	Plant and machinery	Laboratory equipment	Research and Development equipment	Furniture and fixtures	Office equipment	Vehicles	Computers	Tubewells	Total
As at April 1, 2019	**292.81**	**2,260.10**	**8,273.91**	**559.95**	**322.89**	**213.39**	**61.89**	**49.96**	**159.36**	**1.49**	**12,195.75**
Additions	184.64	10.26	990.71	119.57	12.55	17.56	7.95	6.44	43.28	-	1,392.96
Disposals	(41.77)	(24.28)	(48.39)	(2.80)	(0.18)	(1.46)	(1.61)	(1.54)	-	-	(122.03)
As at March 31, 2020	**435.68**	**2,246.08**	**9,216.23**	**676.72**	**335.26**	**229.49**	**68.23**	**54.86**	**202.64**	**1.49**	**13,466.68**
Additions	-	245.96	274.52	88.80	20.96	50.14	63.36	7.57	101.87	-	853.18
Disposals	-	-	-	-	-	-	-	(12.15)	(12.15)	-	(24.30)
As at March 31, 2021	**435.68**	**2,492.04**	**9,490.75**	**765.52**	**356.22**	**279.63**	**131.59**	**50.28**	**292.36**	**1.49**	**14,295.56**
Depreciation											
As at April 1, 2019	-	**341.28**	**2,032.94**	**173.52**	**129.05**	**82.00**	**36.40**	**10.65**	**101.32**	**1.16**	**2,908.32**
Charge for the year	-	93.14	671.56	66.94	38.37	25.10	9.72	7.94	30.99	0.21	943.97
Disposals	-	(5.47)	(44.35)	(2.80)	(0.18)	(1.38)	(1.61)	(1.31)	-	-	(57.10)
As at March 31, 2020	-	**428.95**	**2,660.15**	**237.66**	**167.24**	**105.72**	**44.51**	**17.28**	**132.31**	**1.37**	**3,795.19**
Charge for the year	-	91.35	699.94	74.66	33.66	25.56	12.25	7.83	40.38	0.12	985.75
Disposals	-	-	-	-	-	-	-	(8.49)	(11.75)	-	(20.24)
As at March 31, 2021	-	**520.30**	**3,360.09**	**312.32**	**200.90**	**131.28**	**56.76**	**16.62**	**160.94**	**1.49**	**4,760.70**
Net carrying value											
As at March 31, 2020	**435.68**	**1,817.13**	**6,556.08**	**439.06**	**168.02**	**123.77**	**23.72**	**37.58**	**70.33**	**0.12**	**9,671.49**
As at March 31, 2021	**435.68**	**1,971.74**	**6,130.66**	**453.20**	**155.32**	**148.35**	**74.83**	**33.66**	**131.42**	-	**9,534.86**

Capital Work-in-progress : ₹ 3,378.06 (March 31, 2020: ₹ 1,884.66)

Notes to the consolidated financial statements

for the year ended March 31, 2021

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

4 Right-of-use asset

	Right-of-use leasehold land
Cost	
As at April 01, 2019	**11.41**
As at March 31, 2020	**11.41**
As at March 31, 2021 (refer note 42)	**11.41**
Accumulated Depreciation	
As at April 01, 2019	**-**
Charge for the year	1.90
As at March 31, 2020	**1.90**
Charge for the year	2.05
As at March 31, 2021	**3.95**
Net carrying value	
As at March 31, 2020	**9.51**
As at March 31, 2021	**7.46**

Financial assets

5 Loans

	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
(Unsecured, considered good)				
Other loans				
Loans to employees	-	-	2.54	4.96
	-	**-**	**2.54**	**4.96**

6 Other financial assets

	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
(Unsecured, considered good)				
Security deposits	69.52	69.15	34.18	3.23
Interest accrued but not due on bank deposits and others	-	-	387.90	147.78
	69.52	**69.15**	**422.08**	**151.01**

7 Trade receivables

	As at March 31, 2021	As at March 31, 2020
Receivables from related parties (refer note 35)	370.06	113.28
Trade receivables from other parties	6,339.65	5,904.57
	6,709.71	**6,017.85**

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

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

Notes to the consolidated financial statements

for the year ended March 31, 2021
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

7 Trade receivables (Contd..)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Breakup for security details		
Considered good, unsecured	6,709.71	6,017.85
Credit impaired	14.21	53.60
Less: Allowance for credit losses	(14.21)	(53.60)
	6,709.71	**6,017.85**

The details of changes in allowance for credit losses during the year are as follows:

	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance at the beginning of the year	53.60	10.45
Provision (reversed)/made during the year (net)	(28.62)	59.31
Trade receivables written off during the year	(10.77)	(16.16)
Balance at the end of the year	**14.21**	**53.60**

8 Tax assets

	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Advance income tax (net)	19.48	13.28	-	95.35
Income tax paid under protest	1.23	1.23	-	-
	20.71	**14.51**	**-**	**95.35**

9 Other assets

	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
(Unsecured, considered good)				
Capital advance	324.04	403.36	-	-
Advances to material suppliers	-	-	129.97	150.74
Prepaid expenses	-	-	109.11	91.22
Export rebate claims receivable	-	-	16.00	22.10
Export incentives receivable	24.28	16.61	328.50	451.22
Balance with statutory/ government authorities	365.47	328.20	709.33	663.73
	713.79	**748.17**	**1,292.91**	**1,379.01**

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

Notes to the consolidated financial statements

for the year ended March 31, 2021
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

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

	As at March 31, 2021	As at March 31, 2020
Raw materials and components**	5,304.01	3,024.35
Packing materials***	1,718.00	1,575.61
Finished goods*	1,759.29	687.33
Work-in-progress	3,639.77	1,976.86
Stores and spares	330.61	298.64
	12,751.68	**7,562.79**

*Includes stock in trade of ₹ 62.48 (March 31, 2020: ₹ 46.42)
**Includes goods in transit of ₹ 195.70 (March 31, 2020: ₹ 52.75)
***Includes goods in transit of ₹ 0.77 (March 31, 2020: ₹ 18.79)

11 Cash and cash equivalents

	As at March 31, 2021	As at March 31, 2020
Cash on hand@	0.21	0.67
Balances with banks		
On current accounts^	3,054.47	1,394.70
Deposits with original maturity of less than three months	1,869.95	299.60
	4,924.63	**1,694.97**

@Cash on hand includes ₹ Nil (March 31, 2020: ₹ 0.36) held in foreign currency.
^Includes balance of Initial Public Offer (IPO) proceeds of ₹ 6.43 (March 31, 2020: Nil) in Current Account with a Scheduled commercial bank (under Escrow arrangement) which will be utilised as stated in the prospectus.

12 Bank balances other than cash and cash equivalents

	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Other deposit accounts				
Remaining maturity of less than 12 months^	-	-	25,106.85	11,427.28
Margin money deposits#				
Remaining maturity of less than 12 months	-	-	26.02	129.68
	-	**-**	**25,132.87**	**11,556.96**

#Margin money deposits represent security held by bank towards bank guarantees and letter of credits issued by the bankers on behalf of the Company.
^Includes balance of Initial Public Offer (IPO) proceeds of ₹ 5,560.00 (March 31, 2020: Nil) in a Scheduled commercial bank, which will be utilised as stated in the prospectus.

Breakup of financial assets

	As at March 31, 2021	As at March 31, 2020
Valued at amortised cost		
Loans and others	494.14	225.12
Trade receivables	6,709.71	6,017.85
Cash and cash equivalents	4,924.63	1,694.97
Bank balances other than cash and cash equivalents	25,132.87	11,556.96
Total financial assets carried at amortised cost	**37,261.35**	**19,494.90**

Notes to the consolidated financial statements

for the year ended March 31, 2021

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

13 Equity share capital

	As at March 31, 2021	As at March 31, 2020
Authorised		
500,000,000 (March 31, 2020: 500,000,000) equity shares of ₹ 1 each	500.00	500.00
0.001 % 5,100,000 (March 31, 2020: 5,100,000) compulsorily convertible non cumulative preference shares of ₹ 10/- each	51.00	51.00
0.001 % 1,200,000 (March 31, 2020: 1,200,000) redeemable convertible non cumulative preference shares of ₹ 10/- each	12.00	12.00
	563.00	563.00
Issued, subscribed and fully paid up shares		
163,592,923 (March 31, 2020: 15,494,949) equity shares of ₹ 1 each	163.59	154.95
	163.59	154.95

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

Equity Shares	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	154,949,490	154.95	15,494,949	154.95
Add: Increase in number of shares on account of subdivision (refer note g)	-	-	139,454,541	-
Add: Issue of shares (refer note 44)	8,333,333	8.33	-	-
Add: Shares issued on exercise of employee stock option (refer note 33)	310,100	0.31	-	-
	163,592,923	163.59	154,949,490	154.95

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

Particulars	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Equity shares of ₹ 10 each	-	-	942,500	-	177,500

(b) Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company has not paid any dividend during the year ended March 31, 2021 and March 31, 2020.

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

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

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

Name of the shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	Amount	No. of Shares	Amount
Fosun Pharma Industrial Pte. Ltd., Singapore (Holding Company of Gland Pharma Limited)	95,293,934	95.29	114,662,620	114.66
	95,293,934	95.29	114,662,620	114.66

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for the year ended March 31, 2021

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

13 Equity share capital (Contd..)

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

Name of the shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	% holding	No. of Shares	% holding
Fosun Pharma Industrial Pte. Ltd., Singapore	95,293,934	58.25%	114,662,620	74.00%
Gland Celsus Bio-Chemicals Pvt Ltd	10,047,435	6.14%	20,094,870	12.97%
RP Advisory Services Pvt Ltd, being a Trustee of Empower Discretionary Trust	6,166,486	3.77%	7,867,000	5.08%

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

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

(f) Shares reserved for issue under options

During the year ended March 31, 2020, the Company has instituted "the Gland Pharma Employee Stock Option Scheme 2019" ('ESOP Scheme 2019') pursuant to approval of "the Gland Pharma Employee Stock Option Plan 2019" ('Plan'). The maximum number of shares that may be issued pursuant to the scheme shall not exceed 1,704,440 shares. Out of 1,704,440 shares, 1,549,500 shares were granted on June 27, 2019 (grant date) to the eligible employees. The aforementioned shares are after subdivision of equity shares (refer note g below).

(g) Subdivision of equity shares

(i) On March 17, 2020 the equity shares of the Company having the face value of ₹ 10 (Rupees ten only) each were subdivided into 10 (ten) equity shares having a face value of ₹ 1 (Rupee one only) each. Accordingly 15,494,949 equity shares of face value of ₹ 10 each were sub divided into 154,949,490 equity shares of face value of ₹ 1 each.

(ii) The earnings per share in respect of previous year has been computed after considering the aforesaid sub division of shares.

14 Other equity

	As at March 31, 2021	As at March 31, 2020
Securities premium account		
Balance, at the beginning of the year	5,889.94	5,889.94
Add: Amount received towards Securities premium account during the year	12,491.67	-
Less: share issue expenses (net of taxes) (refer note 44)	(214.25)	-
Add: Amount received towards Securities premium account for stock options exercised	167.76	-
Add: Amount transferred from Share based payment reserve on account of exercise of stock options	65.97	-
Balance at the end of the year	18,401.09	5,889.94
Capital redemption reserve		
Balance, at the beginning of the year	33.44	33.44
Balance at the end of the year	33.44	33.44
General reserve		
Balance, at the beginning of the year	31.22	31.22
Balance at the end of the year	31.22	31.22
Share based payment reserve		
Balance at the beginning of the year	164.84	-
Add: Shares based compensation to employees for the year (refer note 33)	155.34	164.84
Less: Exercise of stock options	(65.97)	-
Balance at the end of the year	254.21	164.84

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for the year ended March 31, 2021

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14 Other equity (Contd..)

	As at March 31, 2021	As at March 31, 2020
Retained earnings		
Balance at the beginning of the year	30,257.18	22,528.60
Add: Profit for the year	9,969.63	7,728.58
Balance at the end of the year	**40,226.81**	**30,257.18**
Other comprehensive income		
Items recognised directly in Other comprehensive income		
Balance at the beginning of the year	(69.22)	(17.02)
Re-measurement loss on employee defined benefit plans (net of tax)	(8.73)	(52.20)
Exchange differences on translation of net investment in foreign operations	0.01	-
Balance at the end of the year	**(77.94)**	**(69.22)**
	58,868.83	**36,307.40**

Nature and purpose of reserves

Securities premium

Securities premium represents the premium on issue of shares and can be utilised in accordance with the provisions of the Companies Act, 2013.

Capital redemption reserve

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

General reserve

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

Share based payment reserve

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

Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity.

15 Borrowings

	Non-Current		Current maturities	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
From others (Unsecured)				
Deferred sales tax loan (refer note below)	39.34	40.69	1.35	8.91
	39.34	**40.69**	**1.35**	**8.91**
Less: Amount disclosed under the head"other current financial liabilities" (refer note 17)	-	-	(1.35)	(8.91)
	39.34	**40.69**	**-**	**-**

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

Notes to the consolidated financial statements

for the year ended March 31, 2021

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

16 Trade Payables

	As at March 31, 2021	As at March 31, 2020
Valued at amortised cost		
Trade payables to third parties		
Due to micro, small and medium enterprises (refer note 34)	65.97	33.15
Other parties	3,916.63	2,285.37
Trade payables to related parties (refer note 35)	24.65	172.42
	4,007.25	**2,490.94**

Terms and conditions of the above financial liabilities:

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

17 Other financial liabilities

	Non-Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Valued at amortised cost				
Lease liabilities (refer note 42)	7.64	9.25	1.62	1.26
Current maturities of non-current borrowings (refer note 15)	-	-	1.35	8.91
Capital creditors*	-	-	163.75	186.25
Trade deposits payable	-	-	7.37	7.37
Refund liability	17.33	17.33	-	-
Employee separation compensation payable	-	-	-	100.00
	24.97	**26.58**	**174.09**	**303.79**

*Includes amount payable to micro, small and medium enterprises of ₹ 27.35 (March 31, 2020: ₹ 16.34) (refer note 34)

Breakup of financial liabilities

	As at March 31, 2021	As at March 31, 2020
Valued at amortised cost		
Non current borrowings	39.34	40.69
Trade payables	4,007.25	2,490.94
Current maturities of non-current borrowings	1.35	8.91
Capital creditors	163.75	186.25
Trade deposits payable	7.37	7.37
Refund liability	17.33	17.33
Employee separation compensation payable	-	100.00
Lease liabilities	9.26	10.51
Total financial liabilities carried at amortised cost	**4,245.65**	**2,862.00**

Notes to the consolidated financial statements

for the year ended March 31, 2021

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

17 Other financial liabilities (Contd..)

Changes in liabilities arising from financing activities for the year ended March 31, 2021:

Particulars	As at April 01, 2020	Interest	Financing cash flows	As at March 31, 2021
Non-current borrowings (including current maturities)	49.60	-	(8.91)	40.69
Lease liabilities	10.51	0.66	(1.91)	9.26
Total liabilities from financing activities	**60.11**	**0.66**	**(10.82)**	**49.95**

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

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

18 Deferred tax liability

	As at March 31, 2021	As at March 31, 2020
Deferred tax liability relating to		
Property, plant and equipment	799.01	801.00
	799.01	**801.00**
Deferred tax asset relating to		
Provision for employee benefits	56.17	47.19
Allowance for credit losses	3.58	13.02
Leases	0.45	0.25
	60.20	**60.46**
	738.81	**740.54**

Deferred tax assets/ (liabilities):

For the year ended March 31, 2021:

	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
Property, plant and equipment	801.00	(1.99)	-	799.01
Provision for employee benefits	(47.19)	(6.05)	(2.93)	(56.17)
Allowance for credit losses	(13.02)	9.44	-	(3.58)
Leases	(0.25)	(0.20)	-	(0.45)
Deferred tax liability (net)	**740.54**	**1.20**	**(2.93)**	**738.81**

Notes to the consolidated financial statements

for the year ended March 31, 2021

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

18 Deferred tax liability (Contd..)

For the year ended March 31, 2020:

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

19 Provisions

	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Provision for gratuity (refer note 32)	112.09	70.19
Provision for compensatory absences	139.23	104.60
	251.32	**174.79**

20 Current tax liabilities (net)

	As at March 31, 2021	As at March 31, 2020
Income tax (net of advance tax and tax deducted at source)	286.90	107.23
	286.90	**107.23**

21 Other current liabilities

	As at March 31, 2021	As at March 31, 2020
Statutory dues	63.25	171.17
Advances from customers	342.47	342.31
	405.72	**513.48**

22 Revenue from operations

	For the year ended March 31, 2021	For the year ended March 31, 2020
A. Revenue from contract with customers		
A1. Revenue from sale of goods		
- Domestic	3,668.10	3,013.94
- Export	27,337.50	20,205.64
(A1)	**31,005.60**	**23,219.58**

Notes to the consolidated financial statements

for the year ended March 31, 2021

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

22 Revenue from operations (Contd..)

	For the year ended March 31, 2021	For the year ended March 31, 2020
A2. Revenue from sale of services		
- Domestic	1,503.76	1,043.47
- Export	1,727.01	1,454.75
(A2)	**3,230.77**	**2,498.22**
Sub-total (A=A1+A2)	**34,236.37**	**25,717.80**
B. Other operating income		
- Export incentives	392.39	614.60
(B)	**392.39**	**614.60**
(A+B)	**34,628.76**	**26,332.40**

22A Revenue from contract with customers:

(i) Disaggregated revenue information

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

	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from operations - Sale of goods	31,005.60	23,219.58
Revenue from operations - Sale of services	3,230.77	2,498.22
Total	**34,236.37**	**25,717.80**
India	5,171.86	4,057.41
Outside India	29,064.51	21,660.39
	34,236.37	**25,717.80**
Timing of revenue recognition		
Services transferred over time	3,230.77	2,498.22
Goods transferred at a point of time	31,005.60	23,219.58
Total	**34,236.37**	**25,717.80**

(ii) Contract balances

	As at March 31, 2021	As at March 31, 2020
Trade receivables	6,709.71	6,017.85
Contract liabilities	342.47	342.31

Refund liabilities

	As at March 31, 2021	As at March 31, 2020
Revenue received in advance	17.33	17.33

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

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

Notes to the consolidated financial statements

for the year ended March 31, 2021

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

22A Revenue from contract with customers: (Contd..)

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

	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance at the beginning of the year	342.31	389.17
Revenue recognised during the year	(310.56)	(386.29)
Contract liabilities recognised during the year	310.72	339.43
Balance at the end of the year	**342.47**	**342.31**
Expected revenue recognition from remaining performance obligations		
- within one year	**342.47**	**342.31**

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

	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance at the beginning of the year	17.33	52.01
Amount utilized during the year	-	(34.68)
Balance at the end of the year	**17.33**	**17.33**

23 Other income

	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on		
- Fixed deposits	856.39	511.80
- Others	3.10	3.06
Foreign exchange gain (net)	405.26	693.11
Profit on disposal of property, plant and equipment (net)	0.24	173.93
Insurance claim	-	1.07
Miscellaneous income	82.77	8.71
	1,347.76	**1,391.68**

24 Cost of materials consumed

	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventory at the beginning of the year	3,024.35	4,276.99
Add: Purchases	17,042.56	6,990.28
	20,066.91	**11,267.27**
Less: Inventory at the end of the year	(5,304.01)	(3,024.35)
Cost of raw materials consumed	**14,762.90**	**8,242.92**
Cost of packing materials consumed	2,728.73	2,659.62
	17,491.63	**10,902.54**

Notes to the consolidated financial statements

for the year ended March 31, 2021

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

25 Changes in inventories of finished goods, stock-in-trade and work-in-progress

	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventories at the end of the year		
Finished goods	1,759.29	687.33
Work in progress	3,639.77	1,976.86
	5,399.06	**2,664.19**
Inventories at the beginning of the year		
Finished goods	687.33	426.50
Work in progress	1,976.86	2,168.65
	2,664.19	**2,595.15**
	(2,734.87)	**(69.04)**

26 Employee benefits expense

	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, wages and bonus	2,597.09	2,381.49
Contribution to provident and other fund	112.35	104.38
Gratuity expense	51.41	36.82
Staff welfare expenses	197.41	89.09
Employee stock option compensation expenses (refer note 33)	155.34	164.84
	3,113.60	**2,776.62**

27 Other expenses

	For the year ended March 31, 2021	For the year ended March 31, 2020
Stores Consumed	463.00	342.51
Rent	8.24	7.60
Repairs and maintenance:		
- Plant and machinery	301.83	232.79
- Buildings	93.73	91.33
- Other	27.22	17.28
Rates and taxes	370.80	371.32
Quality control expenses	422.62	338.42
Research and development consumables	321.99	228.75
Legal and professional charges	78.65	91.21
Carriage outwards	329.78	104.34
Insurance	63.67	29.30
Printing and stationery	29.02	24.52
Travelling and conveyance	13.85	31.05
Selling and business promotion expenses	19.51	51.92
Sales commission	17.65	14.50
Postage and courier	1.96	3.72
Telephone expenses	10.27	9.94

Notes to the consolidated financial statements

for the year ended March 31, 2021

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

27 Other expenses (Contd..)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Vehicle maintenance	9.29	8.15
Payment to auditors#:		
Audit fees	9.74	8.60
Certifications fees and others	0.28	0.08
Out of pocket expenses	0.09	0.38
Allowance for credit losses	1.22	43.15
Bad debts written off	2.76	16.16
Miscellaneous expenses	86.92	66.72
Corporate social responsibility(CSR) expenditure (refer note 27A)	144.23	62.14
	2,828.32	**2,195.88**

#Excludes ₹ 29.07(net of taxes) (March 31, 2020: Nil) paid towards Initial Public Offer services of which, the Company's share of expenses amounting to ₹ 5.61 has been adjusted to Securities premium during the year.

27A Details of CSR expenditure

	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Gross amount required to be spent by the group during the year	144.23	117.73
b) Amount spent(in cash) during the year ending on March 31, 2021 :		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	100.47	62.14

Details related to spent / unspent obligations	Spent amount during the year ended March 31, 2021	Unspent amount as at March 31, 2021
- Ongoing project	32.24	43.76
- Other than ongoing project	68.23	-

Details of ongoing project and other than ongoing project	For the year ending March 31, 2021
a) Ongoing Projects :	
Opening balance :	
With Group	-
In Separate CSR Unspent account	-
Amount required to be spent during the year :	76.00
Amount spent during the year :	
From group's bank account	32.24
From Separate CSR Unspent account	-
Closing balance :	
With Group*	43.76
In Separate CSR Unspent account	-

*Consequent to the Companies (Corporate Social Responsibility Policy) Amendment Rules 2021 ("the Rules"), the Company has transferred the Unspent amount of ₹ 43.76 to a separate bank account subsequent to the balance sheet date.

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for the year ended March 31, 2021

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

27A Details of CSR expenditure (Contd..)

	For the year ending March 31, 2021
b) Other than ongoing projects :	
Opening balance	-
Amount deposited in Specified Fund of Sch. VII within 6 months	-
Amount required to be spent during the year	68.23
Amount spent during the year	68.23
Closing balance	-

28 Finance expenses

	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expense on others	28.45	61.50
Finance charges on leases	0.66	1.01
Bank charges	5.00	9.31
	34.11	**71.82**

29 Depreciation expenses

	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on property, plant and equipment	985.75	943.97
Depreciation on right-of-use assets	2.05	1.90
	987.80	**945.87**

30 Taxes

(a) Income tax expense:

The major components of income tax expenses are:

(i) Profit or loss section

	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax	3,394.46	2,513.97
Deferred tax credit/(charged)	1.20	(318.21)
Adjustment of current income tax relating to earlier years	(17.19)	4.32
Total income tax expense recognised in statement of Profit and Loss	**3,378.47**	**2,200.08**

(ii) OCI Section

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Deferred tax credit on remeasurement of defined benefit plans	(2.93)	(17.55)
Income tax charged to OCI	**(2.93)**	**(17.55)**

Notes to the consolidated financial statements

for the year ended March 31, 2021

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

30 Taxes (Contd..)

(b) Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before tax (A)	13,348.10	9,928.66
Enacted tax rate in India (B)	25.17%	25.17%
Expected tax expenses (C = A*B)	3,359.45	2,498.85
Tax effect of:		
Expenses disallowed under the Income Tax Act, 1961	37.76	14.90
Adjustment for taxes with respect to earlier years	(17.19)	4.32
Impact of rate change on deferred tax	-	(301.11)
Impact of capital gain tax	(2.22)	(18.58)
Others(net)	0.67	1.70
Total (D)	**19.02**	**(298.77)**
Expected tax expense (C+D)	3,378.47	2,200.08
Income tax expense	3,378.47	2,200.08
Effective tax rate	25.31%	22.16%

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

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

31 Earnings per share (EPS)

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

	For the year ended March 31, 2021	For the year ended March 31, 2020
i) Profit for the year attributable to Owners of the Company (₹)	9,969.63	7,728.58
ii) Weighted average number of equity shares in calculating basic EPS	158,076,908	154,949,490
iii) Dilutive effect of stock options outstanding	201,266	-
iv) Weighted average number of equity shares in calculating diluted EPS	158,278,174	154,949,490
v) Face value of each equity share (₹)	1.00	1.00
vi) Basic earnings per share (₹)	63.07	49.88
vii) Diluted earnings per share (₹)	62.99	49.88

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

32 Employee benefit plans

I Defined benefit plan

The Company has a defined benefit gratuity plan and is governed by the Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary for each completed year of service. The scheme is funded through a policy with Life Insurance Corporation (LIC). Provision for gratuity is based on actuarial valuation done by an independent actuary as at the year end. Each year, the Company reviews the level of funding in gratuity

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for the year ended March 31, 2021

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

32 Employee benefit plans (Contd..)

fund and decides its contribution. The Company aims to keep annual contributions relatively stable at a level such that the fund assets meets the requirements of gratuity payments in short to medium term. The following tables summaries net benefit expenses recognised in the statement of profit and loss, the status of funding and the amount recognised in the Balance sheet for the gratuity plan:

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

	For the year ended March 31, 2021	For the year ended March 31, 2020
Current service cost	47.20	35.51
Interest cost on net defined benefit liability	4.21	1.31
Net employee benefit expenses	**51.41**	**36.82**

B) Amount recognised in the Balance Sheet

	As at March 31, 2021	As at March 31, 2020
Defined benefit obligation	376.88	305.20
Fair value of plan assets	(264.79)	(235.01)
Net defined benefit liability	**112.09**	**70.19**

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

	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening defined benefit obligation	305.20	213.52
Current service cost	47.20	35.51
Interest cost	18.28	16.14
Benefits paid	(13.80)	(28.79)
Net Actuarial losses on obligation for the year recognised under OCI	20.00	68.82
Closing defined benefit obligation	**376.88**	**305.20**

D) Change in the fair value of plan assets

	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening fair value of plan assets	235.01	196.15
Return on plan assets	14.07	14.83
Contributions	21.15	53.75
Benefits paid	(13.80)	(28.79)
Net Actuarial gain/(losses) on plan assets for the year recognised under OCI	8.36	(0.93)
Closing fair value of plan assets	**264.79**	**235.01**

The Group expects to contribute ₹ 157.66 to the gratuity fund in the next year (March 31, 2020: ₹ 110.73)

The average duration of the defined benefit obligation at the end of reporting period is 5 years (March 31, 2020: 6 years).

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for the year ended March 31, 2021

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32 Employee benefit plans (Contd..)

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

Particulars	As at March 31, 2021	As at March 31, 2020
Investments with LIC	100%	100%

E) Re-measurement adjustments:

	For the year ended March 31, 2021	For the year ended March 31, 2020
Experience loss on plan liabilities	23.52	19.57
Experience loss on plan assets	(8.36)	0.93
Financial loss on plan liabilities	5.69	82.11
Demographic gain on plan liabilities	(9.21)	(32.86)
Re measurement loss recognised in other comprehensive income	**11.64**	**69.75**

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

	As at March 31, 2021	As at March 31, 2020
Discount rate	5.75%	6.00%
Salary rise	10.00%	10.00%
Attrition Rate	18.00%	16.00%

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

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

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

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

Expected benefit payments:

	As at March 31, 2021	As at March 31, 2020
1 year	68.16	51.44
2-5 years	189.97	141.21
6-10 years	153.29	131.67
>10 years	127.28	141.85

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

32 Employee benefit plans (Contd..)

(iii) **Sensitivity analysis:**

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

	As at March 31, 2021	As at March 31, 2020
(a) Effect of 1% change in assumed discount rate		
- 1% increase	357.31	287.60
- 1% decrease	398.04	324.35
(b) Effect of 1% change in assumed salary growth rate		
- 1% increase	396.98	323.42
- 1% decrease	357.86	288.06
(c) Effect of 50% change in assumed attrition rate		
- 50% increase	349.76	282.17
- 50% decrease	438.48	355.25

The sensitivity analysis are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

II Defined contribution plan

	For the year ended March 31, 2021	For the year ended March 31, 2020
Contribution to provident fund	112.35	104.38

III Compensated absences

The Company provides for accumulation of compensated absences by certain categories of its employees. These employees can carry forward a portion of the unutilised compensated absences and utilise them in future periods or receive cash in lieu thereof as per the Company's policy. The Company records a liability for compensated absences in the period in which the employee renders the services that increases this entitlement. The total charge to statement of profit and loss is amounting to ₹ 38.81 and ₹ 94.91 for the year ended March 31, 2021 and March 31, 2020 respectively.

33 Share-based payments

The Company instituted the Gland Pharma Employee Stock Option Scheme 2019 ('ESOP Scheme 2019') pursuant to approval of the Gland Pharma Employee Stock Option Plan 2019 ('Plan'). ESOP Scheme 2019 has been approved by special resolution on May 24, 2019 by the shareholders at the General meeting of the Company. The scheme is to grant options to eligible employees. The Compensation Committee of the Board, based on satisfaction of prescribed criteria like number of years of service of the employee, industry experience of the employee, grade or level of the employee etc.; identifies the employees eligible for the scheme. The maximum number of shares that may be issued pursuant to exercise of options granted to the participants under ESOP plan and the relevant notified scheme(s) shall not exceed 1,704,440 shares (after subdivision of equity shares). Out of 1,704,440 shares, the committee granted 1,549,500 shares on June 27, 2019 (grant date) to eligible employees.

The method of settlement under scheme is by issue of equity shares of the Company and there are no cash settlement alternatives for the employees. Each option comprises of one underlying equity share of ₹ 1/- each (after subdivision of equity shares). The said options shall vest as 40%, 30% and 30% over the variable period subject to satisfaction of Employee performance conditions specified in the Grant Letter.

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for the year ended March 31, 2021

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

33 Share-based payments (Contd..)

The details of ESOP Scheme are summarised below (after subdivision of equity shares):

Grant	Grant date	Number of options granted	Exercise price	Weighted average fair value of option at grant date
1st Grant	June 27, 2019	15,49,500	542.00	248.46

Movements during the year

	For the year ended March 31, 2021		For the year ended March 31, 2020	
	No. of shares	Weighted average exercise prices (WAEP)	No. of shares	Weighted average exercise prices (WAEP)
Outstanding as at beginning of year	1,503,500	-	-	-
Granted during the year	-	-	1,549,500	-
Exercised during the year	(310,100)	542.00	-	-
Lapsed during the year	(23,000)	-	(46,000)	-
Outstanding as at end of the year	**1,170,400**		**1,503,500**	**-**
Weighted average remaining contractual life for the stock option outstanding as at reporting date (years)	Nil, 0.75 and 1.75	-	0.75, 1.75 and 2.75	-
Exercise price for options outstanding at the end of the year(₹)	542.00	-	542.00	-
Weighted average fair value of stock options granted (₹)	248.46	-	248.46	-

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

	For the year ended March 31, 2021	For the year ended March 31, 2020
Time to maturity (years)	1,2 and 3	1,2 and 3
Fair value price	677.50	677.50
Exercise price*	542.00	542.00
Option life (years)	3.00	3.00
Expected volatility (%)	30%	30%
Risk–free interest rate (%)	7.35%	7.35%
Expected dividends (%)	0%	0%
Expected term based on vesting period (weighted average term of vesting period in years)**	1.5, 2.5 and 3.5	1.5, 2.5 and 3.5

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

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

Share-based payment expense

	For the year ended March 31, 2021	For the year ended March 31, 2020
Equity settled share-based payment expense	155.34	164.84
Total expense arising from share-based payment	**155.34**	**164.84**

Notes to the consolidated financial statements

for the year ended March 31, 2021

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

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

	As at March 31, 2021	As at March 31, 2020
(a) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting period.	93.32	49.49
(b) The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting period.	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting period; and	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	-	-

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

35 Related party disclosures

Names of related parties and description of relationship

Name of the related party	Relationship
Shanghai Fosun Pharmaceutical (Group) Co., Ltd., China	Ultimate Holding Company
Fosun Pharma Industrial Pte. Ltd., Singapore	Holding Company of Gland Pharma Limited
Fellow subsidiaries	
Avanc Pharma Distribution Co., Ltd., China	
Avanc Pharmaceutical Co., Ltd., China	
Chongqing Carelife Pharmaceutical Co., Ltd., China	
Chongqing Pharmaceutical Research Institute (Changshou) Co., Ltd., China (w.e.f January 01, 2020 absorbed by merger with Chongqing Carelife Pharmaceutical Co., Ltd.)	
Fosun Pharma Sp. z o.o., Poland	
Fosun Pharma USA Inc., USA	
Fosun Pharmaceutical Distribution (Jiangsu) Co., Ltd., China	
Guilin Pharmaceutical Co., Ltd., China	
Jiangsu Wanbang Biopharmaceutical Company Limited, China	
Jinzhou Aohong Pharmaceutical Co., Ltd., China	
Shanghai Fosun Long March Medical Science Co., Ltd., China	
Shanghai Fosun Pharmaceutical Distribution Co. Ltd., China	
Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd., China	
Shanghai Henlius Biotech, Inc., China	

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for the year ended March 31, 2021

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35 Related party disclosures (Contd..)

Name of the related party	Relationship
Suzhou Erye Pharmaceutical Co. Ltd., China	
Enterprise over which Key Management Personnel exercise significant influence	
Gland Chemicals Private Limited, India* (till December 03, 2020)	
Gland Celsus Bio Chemicals Private Limited, India* (till December 03, 2020)	
Dhananjaya Properties LLP* (till December 03, 2020)	
Sasikala Properties LLP* (till December 03, 2020)	

*During the period April 26, 2019 till June 02, 2019, these entities were not related parties as none of the Key Management Personnel (KMP) of the Company were exercising significant influence over these entities during such period.

Name of the related party	Relationship
Key Management Personnel	
Ravindranath Penmetsa (Dr. Ravi Penmetsa)	Managing Director and Chief Executive Officer (upto April 25, 2019) Director in Fosun Pharma Industrial Pte. Ltd. (w.e.f June 03, 2019 till December 03, 2020)
Srinivas Sadu	Chief Operating Officer (COO) (upto April 25, 2019) Managing Director and Chief Executive Officer (w.e.f. April 25, 2019)
Ravi Shekhar Mitra	Chief Financial Officer (w.e.f September 30, 2019)
Satyanarayana Murthy Chavali	Independent Director
Moheb Ali Mohammed	Independent Director (upto October 8, 2020)
Yiu Kwan Stanley Lau	Chairman and Independent Director (w.e.f June 10, 2019)
P. Sampath Kumar	Company Secretary
Udo J. Vetter	Director
Essaji Goolam Vahanvati	Independent Director (w.e.f. September 30, 2020)
Relatives of Key Management Personnel	
K. Jhansi Lakshmi (till December 03, 2020)	

Transactions during the year:

	Nature	For the year ended March 31, 2021	For the year ended March 31, 2020
Enterprise over which Key Management Personnel exercise significant influence			
Gland Celsus Biochemicals Private Limited	Sale of service	17.11	-
Gland Chemicals Private Limited	Purchase of raw material	1,085.11	1,183.73
Gland Chemicals Private Limited	Sale of goods	3.69	0.53
Dhananjaya Properties LLP	Rent expense	1.63	2.36
Sasikala Properties LLP	Rent expense	0.60	0.85
Ultimate Holding Company			
Shanghai Fosun Pharmaceutical (Group) Co., Ltd.	Sale of service	11.40	-
Holding Company of Gland Pharma Limited			
Fosun Pharma Industrial Pte. Ltd.	Sale of service	18.00	-
Fellow subsidiaries			
Chongqing Carelife Pharmaceutical Co., Ltd.	Purchase of raw material	93.74	-

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35 Related party disclosures (Contd..)

	Nature	For the year ended March 31, 2021	For the year ended March 31, 2020
Chongqing Carelife Pharmaceutical Co., Ltd.	Reimbursement of expense	-	1.62
Chongqing Pharmaceutical Research Institute (Changshou) Co., Ltd.	Reimbursement of expense	-	1.62
Fosun Pharma Sp. z o.o.	Reimbursement of expense	0.34	0.67
Fosun Pharma USA Inc.	Sale of goods	809.50	407.93
Fosun Pharma USA Inc.	Sale of services	226.94	201.48
Fosun Pharma USA Inc.	Reimbursement of expense	43.03	34.29
Fosun Pharmaceutical Distribution (Jiangsu) Co., Ltd.	Sale of goods	-	1.94
Guilin Pharmaceutical Co., Ltd.	Sale of goods	5.05	12.18
Guilin Pharmaceutical Co., Ltd.	Sale of services	-	2.81
Guilin Pharmaceutical Co., Ltd.	Reimbursement of expense	-	1.62
Jiangsu Wanbang Biopharmaceutical Company Limited	Purchase of raw material	908.40	85.20
Jiangsu Wanbang Biopharmaceutical Company Limited	Sale of services	12.06	3.99
Jiangsu Wanbang Biopharmaceutical Company Limited	Reimbursement of expense	-	1.62
Jinzhou Aohong Pharmaceutical Co., Ltd.	Sale of services	-	13.34
Shanghai Fosun Long March Medical Science Co., Ltd.	Purchase of traded goods	24.12	-
Shanghai Fosun Pharmaceutical Distribution Co. Ltd.	Reimbursement of expense	1.09	-
Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.	Sale of services	-	10.43
Shanghai Henlius Biotech, Inc.	Reimbursement of expense	-	1.62
Suzhou Erye Pharmaceutical Co. Ltd.	Purchase of raw material	0.21	-
Key Management Personnel^			
Dr. Ravi Penmetsa	Remuneration	-	2.49
Srinivas Sadu	Remuneration	64.17	33.22
Srinivas Sadu	Employee stock option compensation expense	25.26	25.55
Ravi Shekhar Mitra	Remuneration	27.48	5.74
Satyanarayana Murthy Chavali	Sitting fee	1.00	0.70
Satyanarayana Murthy Chavali	Commission	1.48	1.51
Moheb Ali Mohammed	Sitting fee	0.30	0.60
Moheb Ali Mohammed	Commission	0.74	1.51
Yiu Kwan Stanley Lau	Sitting fee	1.00	0.50
Yiu Kwan Stanley Lau	Commission	4.43	4.54
Udo J. Vetter	Sitting fee	0.90	0.20
Essaji Goolam Vahanvati	Sitting fee	0.60	-
P. Sampath Kumar	Remuneration	8.84	3.46
P. Sampath Kumar	Employee stock option compensation expense	1.68	1.70
Relatives of Key Management Personnel			
K. Jhansi Lakshmi	Rent expense	0.61	0.84

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35 Related party disclosures (Contd..)

Closing balances receivable/(payable) (Unsecured):

	As at March 31, 2021	As at March 31, 2020
Gland Chemicals Private Limited	-	(165.13)
Shanghai Fosun Pharmaceutical Distribution Co. Ltd.	0.64	-
Fosun Pharma USA Inc.	357.97	106.39
Shanghai Fosun Pharmaceutical (Group) Co., Ltd.	11.45	-
Fosun Pharmaceutical Distribution (Jiangsu) Co., Ltd.	-	2.07
Guilin Pharmaceutical Co., Ltd.	-	0.56
Avanc Pharma Distribution Co., Ltd	(7.16)	-
Avanc Pharmaceutical Co., Ltd.	(0.72)	-
Jiangsu Wanbang Biopharmaceutical Company Limited	-	4.26
Shanghai Fosun Long March Medical Science Co., Ltd.	(16.63)	-
Dhananjaya Properties LLP	-	(0.22)
Sasikala Properties LLP	-	(0.07)
Dr. Ravi Penmetsa	-	(100.00)
Srinivas Sadu	(2.07)	-
Ravi Shekhar Mitra	(0.47)	(0.44)
P. Sampath Kumar	(0.14)	(0.08)
K. Jhansi Lakshmi	-	(0.06)
Yiu Kwan Stanley Lau	(3.12)	(3.47)
Moheb Ali Mohammed	(0.78)	(1.36)
Satyanarayana Murthy Chavali	(1.37)	(1.45)
Udo J. Vetter	(0.07)	(0.14)

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

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

36 Significant accounting judgements, estimates and assumptions

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

Judgements, estimates and assumptions

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

(i) Defined employee benefit plans (Gratuity)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved

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36 Significant accounting judgements, estimates and assumptions (Contd..)

in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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

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

(ii) Depreciation on property, plant and equipment

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

(iii) Leases - Estimating the incremental borrowing rate

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

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

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

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

(v) Estimation of net realisable value of inventories

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

(vi) Share based payment

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

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37 Fair Values

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

	Carrying value		Fair value	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Financial assets at amortised cost:				
Loans and others	494.14	225.12	494.14	225.12
Trade receivables	6,709.71	6,017.85	6,709.71	6,017.85
Cash and cash equivalents	4,924.63	1,694.97	4,924.63	1,694.97
Bank balances other than 'Cash and cash equivalents'	25,132.87	11,556.96	25,132.87	11,556.96
Financial liabilities at amortised cost:				
Borrowings (including current maturities)	40.69	49.60	40.69	49.60
Trade payables	4,007.25	2,490.94	4,007.25	2,490.94
Other financial liabilities	197.71	321.46	197.71	321.46

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

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

38 Financial risk management objectives and policies

Financial Risk Management Framework

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

A Credit Risk

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

Trade receivables:

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

Notes to the consolidated financial statements

for the year ended March 31, 2021

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38 Financial risk management objectives and policies (Contd..)

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

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 6,709.71 and ₹ 6,017.85 as of March 31, 2021 and March 31, 2020 respectively, being the total of the carrying amount of balances with trade receivables.

B Liquidity Risk

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

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

	Up to 1 Year	1 to 3 years	3 to 5 years	> 5 years	Total
March 31, 2021:					
Borrowings (including current maturities)	1.35	6.80	21.52	11.02	40.69
Trade payables	4,007.25	-	-	-	4,007.25
Other financial liabilities	190.84	5.10	3.74	-	199.68
	4,199.44	**11.90**	**25.26**	**11.02**	**4,247.62**
March 31, 2020:					
Borrowings (including current maturities)	8.91	2.55	12.70	25.44	49.60
Trade payables	2,490.94	-	-	-	2,490.94
Other financial liabilities	313.12	4.78	5.70	0.75	324.35
	2,812.97	**7.33**	**18.40**	**26.19**	**2,864.89**

C Market Risk

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

C1. Foreign currency risk

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

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

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38 Financial risk management objectives and policies (Contd..)

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

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

		As at March 31, 2021			As at March 31, 2020		
	Currency	Amount in Foreign Currency	Amount in ₹	Conversion Rate	Amount in Foreign Currency	Amount in ₹	Conversion Rate
Cash and cash equivalents	US$	40.19	2,935.80	73.04	17.32	1,302.21	75.20
	EURO	0.31	26.51	85.27	0.00	0.25	82.63
	RMB	-	-	-	0.03	0.36	10.60
Trade receivables	US$	79.34	5,795.27	73.04	69.52	5,227.92	75.20
	EURO	1.03	87.53	85.27	0.05	4.13	82.63
	AUD	0.07	3.66	55.24	0.15	6.79	46.28
	CAD	0.52	30.04	57.71	0.73	38.46	52.83
Trade payables	US$	29.88	2,207.13	73.86	10.77	815.07	75.71
	EURO	1.99	172.18	86.63	1.01	84.34	83.73
	GBP	0.03	2.96	101.76	-	-	-
Capital creditors	US$	1.00	73.63	73.86	1.22	92.26	75.71
	EURO	0.06	4.92	86.63	0.22	18.38	83.73

(b) Foreign currency sensitivity:

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

	Change in exchange rate		Effect on profit before tax	
	Increase	Decrease	Increase/(Decrease)	
March 31, 2021				
US$	1.00%	1.00%	64.50	(64.50)
EURO	1.00%	1.00%	(0.63)	0.63
March 31, 2020				
US$	1.00%	1.00%	56.23	(56.23)
EURO	1.00%	1.00%	(0.98)	0.98

39 Impact of COVID-19 Outbreak

The outbreak of COVID-19 in many countries has brought about disruptions to businesses around the world and uncertainty to the global economy. The Group is closely monitoring the impact of the pandemic on all aspects of its business, including how it will impact its customers, employees, vendors and business partners. Based on the current estimates, the Group expects to fully recover the carrying amount of assets and does not foresee any significant impact on its operations. The Group will continue to closely monitor any material changes to future economic conditions.

40 Capital management

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

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

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2021 and March 31, 2020.

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41 Commitments and contingencies

a. Commitments

	As at March 31, 2021	As at March 31, 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,445.31	1,227.06
Other commitments	Nil	Nil

b. Contingent liabilities

	As at March 31, 2021	As at March 31, 2020
(i) Outstanding bank guarantees (excluding performance obligations)	638.24	14.58
(ii) Claims against the Group not acknowledged as debts	31.78	29.90
(iii) Demand for direct taxes	16.76	16.76
(iv) Demand for indirect taxes		
Entry tax	46.95	47.01
Service tax	7.99	4.79
Value Added Tax and CST	5.30	5.30
(v) Provident Fund		
There are numerous interpretative issues relating to the Supreme Court (SC) judgement on Provident Fund (PF) dated 28th February, 2019. As a matter of caution, the Group has accordingly made the payments prospectively with effect from the order date. The Group will update its position, on receiving further clarity on the subject.		

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

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

Notes to the consolidated financial statements

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42 Leases

Group as a Lessee

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

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

	Amount
As at April 01, 2019	**11.41**
Depreciation expense	(1.90)
As at March 31, 2020	**9.51**
Depreciation expense	(2.05)
As at March 31, 2021	7.46

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

	Amount
As at April 01, 2019	**11.41**
Accretion of interest	1.01
Payment	(1.91)
As at March 31, 2020	**10.51**
Accretion of interest	0.66
Payment	(1.91)
As at March 31, 2021	9.26

Maturity analysis of lease liabilities is as follows:

	As at March 31, 2021	As at March 31, 2020
Within one year	2.39	1.91
After one year but not more than three years	5.10	4.78
After three years but not more than five years	3.74	5.70
More than five years	-	0.75
	11.23	**13.14**

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

	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation expense on right-of-use assets	2.05	1.90
Interest expense on lease liabilities	0.66	1.01
Expense relating to short-term leases (included in other expenses)	8.24	7.60
Total amount recognised in statement of profit and loss	10.95	**10.51**

The Group has total cash outflow for leases of ₹ 1.91 and ₹ 1.91 for the year ended March 31, 2021 and March 31, 2020 respectively.

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43 Segment reporting

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

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

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

(a) Revenue from operations

	For the year ended March 31, 2021	For the year ended March 31, 2020
USA	21,281.68	17,575.37
India	5,564.25	4,672.01
Europe	1,507.60	1,168.68
Canada	659.46	469.12
Australia	160.38	131.41
Rest of World(ROW)	5,455.39	2,315.81
Total	**34,628.76**	**26,332.40**

(b) The Group has entire non current assets within India. Hence, separate figures have not been furnished.

(c) Customer contributing more than 10 % of Revenue

	No of customers	Amount
For the year ended March 31, 2021	2	8,260.87
For the year ended March 31, 2020	2	7,037.82

44 The Company has completed the Initial Public Offer ("IPO") of 43,196,968 Equity Shares of the face value of ₹ 1/- each at an issue price of ₹ l,500/- per Equity Share, comprising offer for sale of 34,863,635 shares by Selling Shareholders and fresh issue of 8,333,333 shares. The Equity Shares of the Company are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") on November 20, 2020.

The utilisation of the net IPO proceeds is summarised below:

Objects of the issue	Amount as per prospectus	Revised Amount	Utilisation upto 31-Mar-21	Unutilised amounts as at 31-Mar-21
Funding incremental working capital requirement	7,695.00	7,695.00	3,703.12	3,991.88
Funding capital expenditure requirement	1,680.00	1,680.00	105.45	1,574.55
General corporate purpose	2,864.68	2,875.00	2,875.00	-
Total	**12,239.68**	**12,250.00**	**6,683.57**	**5,566.43**

IPO proceeds which were unutilised as at March 31, 2021 were temporarily invested in deposits with scheduled commercial bank and in monitoring agency account.

The total offer expenses are ₹ 1,336.19 (inclusive of taxes) which are proportionately allocated between the selling shareholders and the Company as per respective offer size. The Company's share of these expenses is ₹ 250 (inclusive of taxes), of which ₹ 214.25 (excluding taxes) has been adjusted against securities premium.

Notes to the consolidated financial statements

for the year ended March 31, 2021

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

45 Research and development

	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue expenditure (including depreciation)	1,198.59	909.32
Capital expenditure	20.96	12.55
	1,219.55	**921.87**

46 The Code of Social Security 2020 ('Code') relating to employee benefits during employment and post-employment received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period in which the Code becomes effective.

47 On March 10, 2021, the Company has subscribed to 100% of shares in Gland Pharma International Pte. Ltd., Singapore by way of subscription to the Memorandum of Association.

48 Description of the Group

Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements:

Name of the entity	As at March 31, 2021		For the year ended March 31, 2021					
	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of consolidated Net Assets	Amount (₹ in million)	As % of consolidated Profit or Loss	Amount (₹ in million)	As % of consolidated Other Comprehensive Income	Amount (₹ in million)	As % of consolidated Total Comprehensive Income	Amount (₹ in million)
HOLDING COMPANY								
Gland Pharma Limited	100%	59,032.85	100%	9,970.05	100%	(8.71)	100%	9,961.34
SUBSIDIARIES								
Foreign subsidiaries								
Gland Pharma International Pte. Ltd.	0%	5.06	0%	(0.42)	0%	-	0%	(0.42)
Sub total	**100%**	**59,037.91**	**100%**	**9,969.63**	**100%**	**(8.71)**	**100%**	**9,960.92**
Adjustment arising out of consolidation	0%	(5.49)	0%	-	0%	(0.01)	0%	(0.01)
	100%	**59,032.42**	**100%**	**9,969.63**	**100%**	**(8.72)**	**100%**	**9,960.91**
Non-controlling interests	0%	-	0%	-	0%	-	0%	-
Total	**100%**	**59,032.42**	**100%**	**9,969.63**	**100%**	**(8.72)**	**100%**	**9,960.91**

Note: Net assets and share in profit or loss for the Holding Company and subsidiaries are as per the standalone financial statements of the respective entities.

Notes to the consolidated financial statements

for the year ended March 31, 2021

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

49 Subsequent events

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

As per our report of even date attached

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

per **Navneet Rai Kabra**
Partner
Membership No. 102328

Place: Hyderabad
Date: May 17, 2021

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

Srinivas Sadu
Managing Director and
Chief Executive Officer
DIN: 06900659

Satyanarayana Murthy Chavali
Independent Director
DIN: 00142138

P. Sampath Kumar
Company Secretary

Ravi Shekhar Mitra
Chief Financial Officer

Place: Hyderabad
Date: May 17, 2021

Notes

Notes

Corporate information

Company Secretary and Compliance Officer

P. Sampath Kumar

Statutory Auditors

S.R. Batliboi & Associates LLP
Chartered Accountants

Registered Office

Survey No. 143-148, 150 & 151, Near Gandimaisamma 'X' Roads, D.P. Pally, Dundigal, Dundigal-Gandimaisamma Mandal Medchal-Malkajgiri District, Hyderabad - 500043, Telangana, India
Tel: +91-40-30510999
Fax: +91-40-30510800

Corporate Office

Plot No. 11 & 84, TSIIC Phase: IV
Pashamylaram (V), Patancheru (M),
Sangareddy District
Hyderabad 502307, Telangana, India
Tel: +91-08455-699999

Investors Contact

For Individual Investors, Grievance and Secretarial matters
Sampath Kumar Pallerlamudi
Company Secretary and Compliance Officer
Tel: +91 8455699999 I Ext: 1194
E-mail: investors@glandpharma.com

For Institutional Investors & Financial Analysts
Sumanta Bajpayee
Vice President – Investor Relations
Tel: +91 8455699999 I Ext: 1413
E-mail: Sumanta.Bajpayee@glandpharma.com

Corporate Identification Number

L24239TG1978PLC002276

Registrar and Transfer Agent

Link Intime India Private Limited,
C 101, 247 Park, L.B.S.Marg,
Vikhroli (West), Mumbai - 400083.
Tel: 022 – 49186000 (Board line No.)
022 - 49186270 (for Investors)
Fax No: 022 - 49186060
E-mail: devang.mehta@linkintime.co.in
Investor Grievance E-mail:
rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in
SEBI Registration No.: INR000004058

Secratarial Auditors

RVR & Associates
Company Secretaries

Facilities

Formulation Facilities

1. Sy. No. 143-148, 150 & 151
   D.P. Pally, Dundigal (Post)
   Hyderabad – 500 043.
   Telangana, India
2. Unit-I, Plot No.54, 55 & 64 – 68,
   Phase – III, Industrial Park,
   Pashamylaram (V),Patancheru (M),
   Sangareddy District,
   Hyderabad – 502 307
   Telangana, India
3. Unit-II, Plot No.42-52, Phase – III
   Industrial Park, Pashamylaram (V)
   Patancheru (M), Sangareddy District
   Hyderabad – 502307
   Telangana, India
4. Unit II, Block C, Phase I
   Visakhapatnam Special Economic
   Zone, Duvvada,
   Visakhapatnam - 530 046
   Andhra Pradesh, India

API Facilities

1. Sy. No. 143-148, 150 & 151,
   D.P. Pally, Dundigal (Post),
   Hyderabad – 500 043
   Telangana, India
2. Plot No.9, Sy No.542(P),
   Genome Valley,
   Kolthur Village, Shamirpet Mandal,
   Medchal District,
   Hyderabad - 500 078
   Telangana, India
3. Unit I, Block C, Phase I,
   Visakhapatnam Special Economic
   Zone, Duvvada,
   Visakhapatnam - 530 046
   Andhra Pradesh, India
4. Plot No.49 & 50 Jawaharlal Nehru
   Pharmacity, Parawada (M),
   Visakhapatnam - 531019
   Andhra Pradesh, India

Subsidiary

Gland Pharma International Pte. Ltd.
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Manulife Tower
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GLAND PHARMA LIMITED