

**Date: September 07, 2021**

<b>To</b> The Manager, Listing Department, <b>National Stock Exchange of India Limited, (NSE)</b> Exchange Plaza, C-1, Block-G, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051. <b>Scrip Code – LINCOLN</b>	<b>To</b> The Manager, The Department of Corporate Service, <b>BSE Limited, (BSE)</b> 25 <sup>th</sup> Floor, Phiroze Jeejeebhoy Tower, Dalal Street, Fort, Mumbai – 400 001. <b>Scrip Code – 531633</b>
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Dear Sir / Madam,

**Sub: Annual Report for the Financial Year Ended March 31, 2021.**

Pursuant to Regulation 34 (1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the SEBI Listing Regulations"), we are submitting herewith the Annual Report of the Company along with the Notice of Twenty Seven Annual General Meeting ("AGM") for the Financial Year 2020-2021 which is sent to the members through electronic means as per the circulars issued by the Ministry of Corporate Affairs and Securities and Exchange Board of India. The Notice & Annual Report are also uploaded on the website of the Company at [www.lincolnpharma.com](http://www.lincolnpharma.com).

Important details with regard to AGM are as under:

Sr. No.	Particulars	Details
1.	AGM Details	<b>Day:</b> Thursday <b>Date:</b> September 30, 2021 <b>Time:</b> 11.00 a.m. (IST) <b>Through:</b> Video Conference / Other Audio Visual Means
2.	Cut-off date to determine list of members entitled to receive Notice of AGM and Annual Report	Friday, September 03, 2021
3.	Cut-off date to determine list of members entitled to receive final dividend	Friday, September 17, 2021
4.	Cut-off date for e-voting	Thursday, September 23, 2021

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Factory : 10, 12, 13, Trimul Estate, Near Khatraj Chokadi, P.O. Khatraj-382721.

Ta. : Kalol, Dist. Gandhinagar, (Guj.) | Phone : +91-79-49135000 | E-mail : [khatraj@lincolnpharma.com](mailto:khatraj@lincolnpharma.com)



Sr. No.	Particulars	Details
5.	Remote e-voting start time, day and date	Monday, September 27, 2021 at 10:00 a.m. (IST)
6.	Remote e-voting end time, day and date	Wednesday, September 29, 2021 at 05:00 p.m. (IST)
7.	E-Voting website of CDSL	<a href="https://www.cdslindia.com/">https://www.cdslindia.com/</a>
8.	Notice of AGM and Annual Report 2020-2021	<a href="https://www.lincolnpharma.com/wp-content/uploads/2021/08/Annual-Report-2020-21.pdf">https://www.lincolnpharma.com/wp-content/uploads/2021/08/Annual-Report-2020-21.pdf</a>

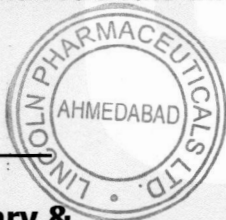
We hope you will find the same in order and take the same on records.

Thanking you,

Yours faithfully,  
**For Lincoln Pharmaceuticals Limited**

*N.A. Desai*

**Niren A. Desai**  
**Company Secretary &**  
**Compliance Officer**



Encl: a/a





“

# A HEALTHY TODAY FOR A HEALTHY TOMORROW

”

The shifting dynamics of the pharmaceutical industry have prompted a resurgence in research and new breakthroughs in science. At Lincoln Pharmaceuticals Limited (“the company” or “LPL”), we rose to the occasion and showcased our determination in the face of adversity.

The efforts of the Company translated to growth during the challenging times of world economy, in tandem with the success in research and development. As a pharma company which prioritises both quality of result and its consistent quantity, we continued our hard work towards realising our vision, untethered by problems. This is aligned with our motivation of creating of a healthy today remains imminent for a healthy tomorrow.

During the year, we invested heavily on our R&D division for developing more specialty products. These strategic moves will support us in moving up the pharmaceutical value chain. We are also concentrating at creating a broader pipeline of product offerings for both emerging and developed markets. Consolidation and enhanced presence within our key markets continue to be the focal point of our strategies.

We, at LPL, understand the importance of every little effort as it contributes towards the bigger picture. The company is moving at a considerable pace to advance in the pharmaceutical value chain by investing in its R&D and forming robust sales strategies. On the other hand, we are instinctively looking at foreign markets for expansion plans and creating a wider distribution area for our quality products.

The ability to adapt with time and deliver on the promises has been the secret behind our success. We continue to add more value in the domestic market and our exports have grown impressively over the last few years. By staying ahead of the curve in an increasingly competitive market and touching more lives every year, LPL has reaped multiple benefits on both business and value-addition perspectives.

After four decades of progressive success, revolutionary pre-vision and constant innovation, the Company has set its eyes on creating a healthy tomorrow built on reliability, operational expertise and advances in the medical field. The company has grown into an international brand with technology-laden manufacturing units complying with global guidelines and regulations. We will continue to focus on building a better brand presence, developing a wide portfolio and driving sustainable value. Our strive for excellence is reflected on our contribution towards patient care, ensuring pristine health of our employees and economic wealth of our stakeholders.

## Disclaimer:

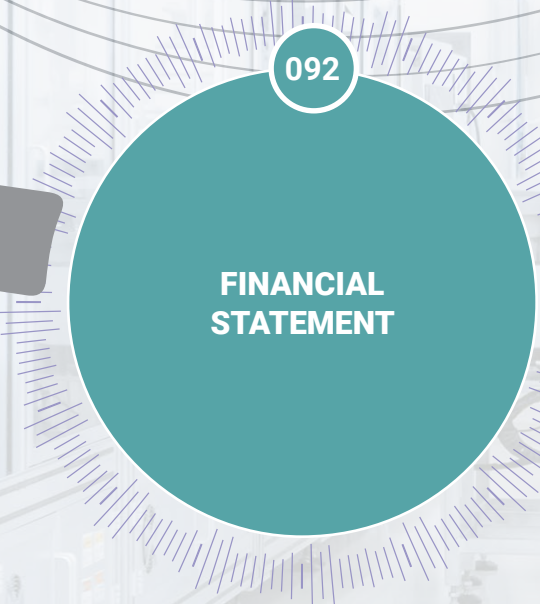
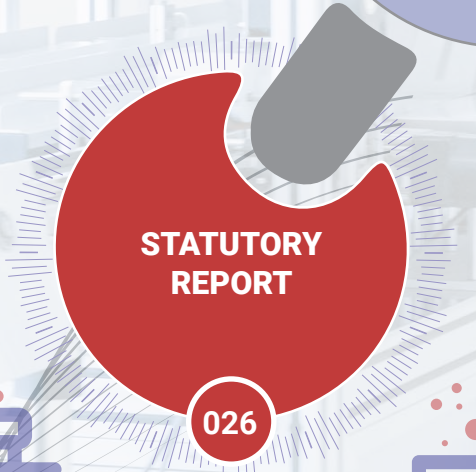
This document may contain certain forward-looking statements/details in the current scenario, which is extremely dynamic and increasingly fraught with risks and uncertainties. Actual results, performances, achievements or sequence of events may be materially different from the views expressed herein. Investors/shareholders/public are hence cautioned not to place undue reliance on these statements/details, and are advised to conduct their own investigation and analysis of the information contained or referred to in this section before taking any action with regard to their own specific objectives. Further, the discussion following herein reflects the perceptions on major issues as on date and the opinions expressed here are subject to

change without notice. The Company undertakes no obligation to publicly update or revise any of the opinions or forward-looking statements expressed in this section, consequent to new information, future events or otherwise



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# COMPANY PROFILE

Lincoln Pharmaceuticals Limited is an organisation dedicated towards attaining progress in the industry via breakthrough innovation, proficient business techniques and total customer satisfaction. As a high-achieving pharmaceutical producer, we manufacture and advertise numerous therapeutic molecules adhering to the WHO-GMP guidelines in both domestic and international markets. Developed using the best-in-class standards, our drugs are available at very cost-effective rates for the masses.

Established in 1979, the company has been a leader in branded generics due to its affordable and innovative medicines for healthier lives. With its own R&D and locus manufacturing facilities in Ahmedabad, the organisation is treading steadily towards its vision of “Healthcare for All”. Furthermore, the company’s manufacturing units have received European Union (EU) GMP certification, which grants them the marketing rights of their products in all the 27-member nations of the EU and access to European Economic Area (EEA) countries.

Lincoln Pharmaceuticals Limited stands out in the industry on the back of its cutting-edge R&D capabilities. With more than 30 scientists at the helm of the department, the company has filed patents for 25+ patents and received seven patents. Recognised by the Department of Scientific and Technology and the Government of India, the company’s state-of-the art devices and equipment are capable of conducting internal physical, chemical and microbiological analyses of all products.

As a responsible contributor to the society, the company is serious on its green initiatives and has set up a new solar plant of 1 MW in addition to two windmills. The result is savings of nearly 65% of electricity cost, propelling the organisation to become a self-sustaining and environment-friendly pharmaceutical company.

Lincoln Pharmaceuticals Limited stands tall on the foundation of scientific, financial, managerial and operational expertise which works to revitalize your life. We take pride in lending a forward momentum to the Indian pharmaceutical industry, through our intellectual property, enterprise facilities and very vital personnel resources.



## VISION

To spark a universal attempt to uncover cures of diseases by focused and targeted R&D, through forging Strategic alliances both domestically and internationally



## MISSION

1. Focused on delivering outcomes that meet important medical needs, making quality medicines more accessible and more affordable, and provide solutions for tomorrow’s health challenges.
2. To create “Healthcare for All” an actuality by modest participation of premium low-cost pharma products

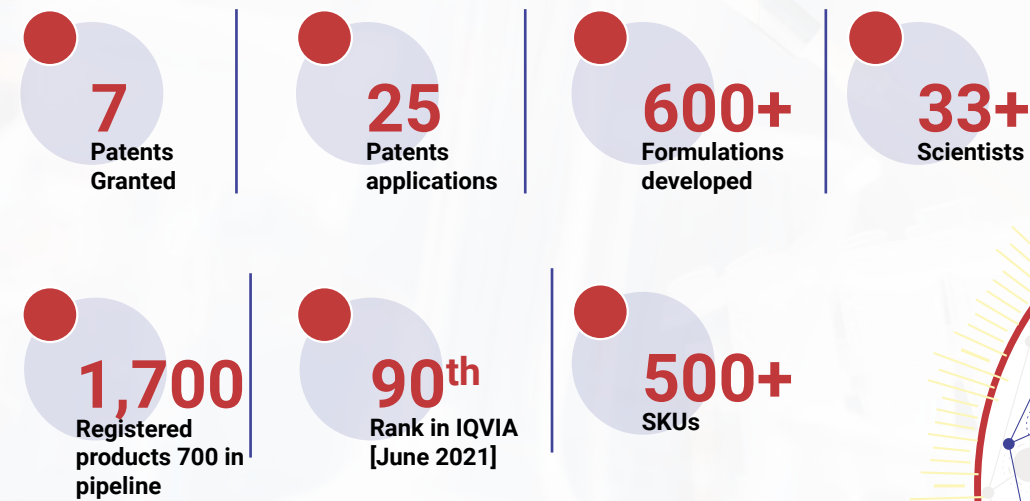




## QUICK FACTS

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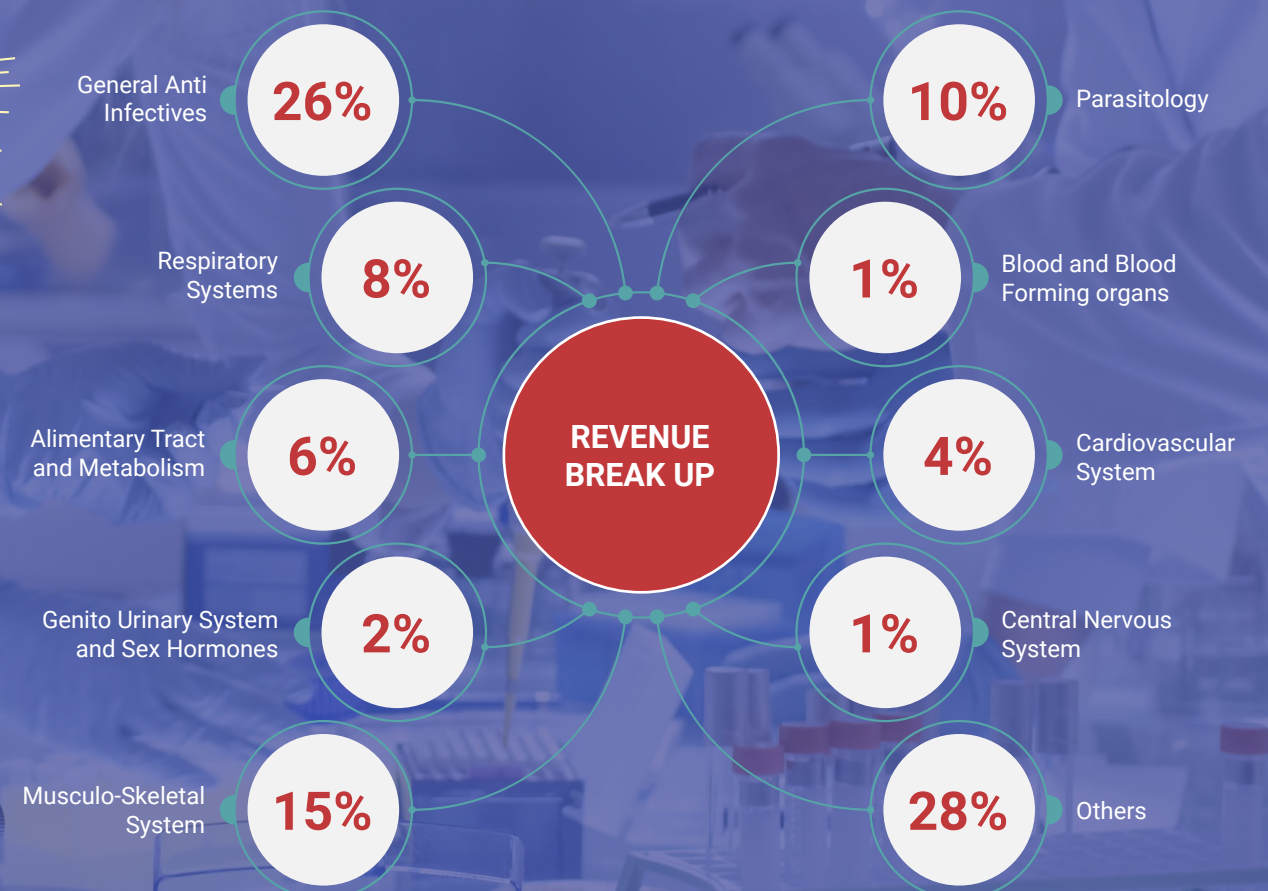
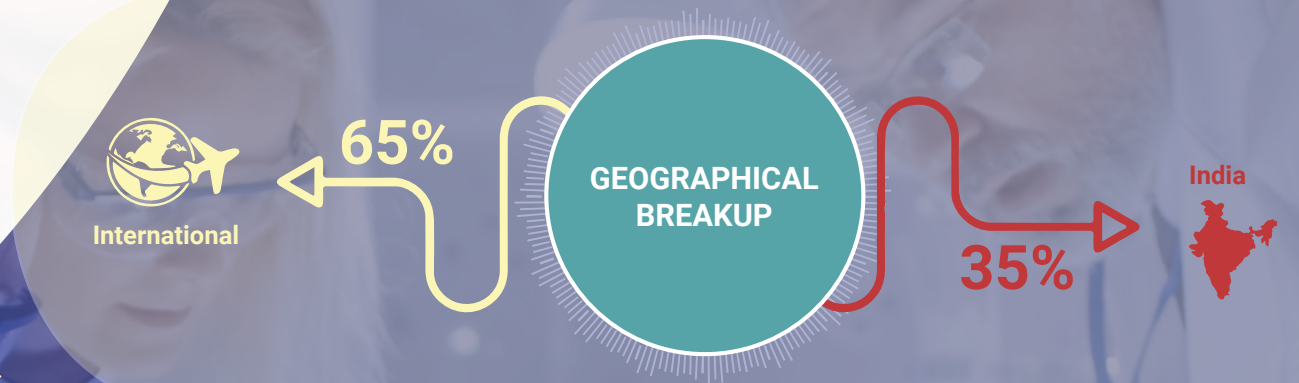
### RESEARCH & DEVELOPMENT DEPARTMENT



### MARKET PRESENCE



## DIVERSIFIED REVENUES





# MANAGING DIRECTOR LETTER



Dear Shareholders,

I am pleased to present to you the Annual Report of Lincoln Pharmaceuticals Limited for the Financial Year 2020-21. We retrospect every development throughout the year to learn more about the business and celebrate our achievements. The recently concluded year, in particular, was of incredible growth and promise. Having overcome numerous challenges, Lincoln Pharmaceuticals Limited stands at a position of sustainable success and an optimistic future.

The Covid-19 virus became a large-scale pandemic and began its effect from the last quarter of FY20. To limit the spread of the virus and put a check on the rising death and contraction tolls, governments across the globe initiated full-scale lockdowns. As a result, the global economy plummeted to a severe recession, seconded by the Great Depression in 2008. After a few months, some nations

began the “unlocking” in an organized manner, to allow the global economy to rise back after the massive challenge. However, the economic resurgence depends on numerous factors, including policy reforms, major investment drives, fiscal support and a rapid vaccination program.

The Indian economy is on its path of recovery, thanks to the robust policies and strategies drafted by the Central Government. On the vaccines front, the nation has inoculated 4 million people in two weeks, spelling positivity surrounding the next unlock phases. India is also a leader in the manufacturing of vaccines, establishing itself as a reliable partner for other countries for vaccine export on a large-scale. The social distancing measures, strong healthcare infrastructure and fiscal policies ensured the country remained one of the fastest growing economies. The IMF predicts a 6.3 per cent growth for India in FY23. After a V-shaped recovery in FY21, the road ahead looks very promising for the Indian economy.

India remains the largest drug provider of the world, with a vast network of 3,000 drug companies and more than 10,500 manufacturing units. In the pharmaceutical industry, India is at an enviable position thanks to a large pool of talented scientists, vigorous manufacturing capability and a vision to lead the entire world to even greater heights. The Indian Economic Survey 2021 anticipates that the Indian pharmaceutical market will grow three times in the next ten years. The domestic market stands at a valuation of US\$ 42 billion in 2021, which is expected to reach US\$ 65 billion by 2021 and more than US\$ 120 billion in 2030. India's biotechnology industry is also experiencing similar success, currently valued at US\$ 64 billion and expected to touch US\$ 150 billion by the year 2025.

To further bolster the future of the Indian pharmaceutical industry, the Central Government is introducing numerous measures and policies. The Union Cabinet agreed to introduce 100 per cent Foreign Direct Investment (FDI) in the pharmaceutical sector by amending the FDI policy. Ms. Nirmala Sitharaman, the Finance Minister, approved an extra investment of ₹197,000 crores (US\$ 26,578.3 million) for the pharmaceutical PLI plan in 13 important sectors such as biopharmaceuticals, pharmacological intermediaries, and critical starting materials in June 2021.

The Department of Pharmaceuticals launched a PLI scheme to promote domestic manufacturing, by setting up greenfield plants with minimum domestic value addition in four separate 'Target Segments' with a cumulative outlay of ₹6,940 crores (US\$ 951.27 million) from FY21 to FY30 to achieve self-reliance and reduce import dependency in the country's essential bulk drugs. The Government of India established Mission COVID Suraksha in May 2021, as part of Atmanirbhar Bharat 3.0, to speed up the development and

production of indigenous COVID vaccines. The Department of Biotechnology, Government of India, offered financial support in the form of a grant to vaccine manufacturing facilities for expanded production capacities under the mission, which are estimated to reach >10 crore doses per month by September 2021.

Better domestic sales growth in the future will be contingent on firms' ability to orient their product portfolios toward chronic therapies for diseases including cardiovascular, anti-diabetes, anti-depressants, and anti-cancers. The Indian government has taken a number of initiatives to cut costs and lower healthcare costs. The entry of generic pharmaceuticals into the market as quickly as possible has remained a priority, and it is likely to help Indian pharmaceutical companies. Furthermore, the emphasis on rural health programmes, life-saving medications, and preventive immunizations bodes well for pharmaceutical firms.

In FY21, Lincoln Pharmaceuticals Limited achieved impressive numbers amidst uncertain challenges. Consolidated Net Revenue of the Company grew by 8.1 per cent from ₹397 crores to ₹429 crores. The Company recorded an EBITDA of ₹92.8 crores and a PAT of ₹62.2 crores, an increase of 21.1 per cent and 21 per cent respectively. In the last five years, Lincoln Pharmaceuticals Limited has achieved a 20 per cent CAGR growth in profits. The Company has become entirely debt-free and has a strong liquidity position, a result of strong financial backing, beneficial business strategies and forward-thinking management.

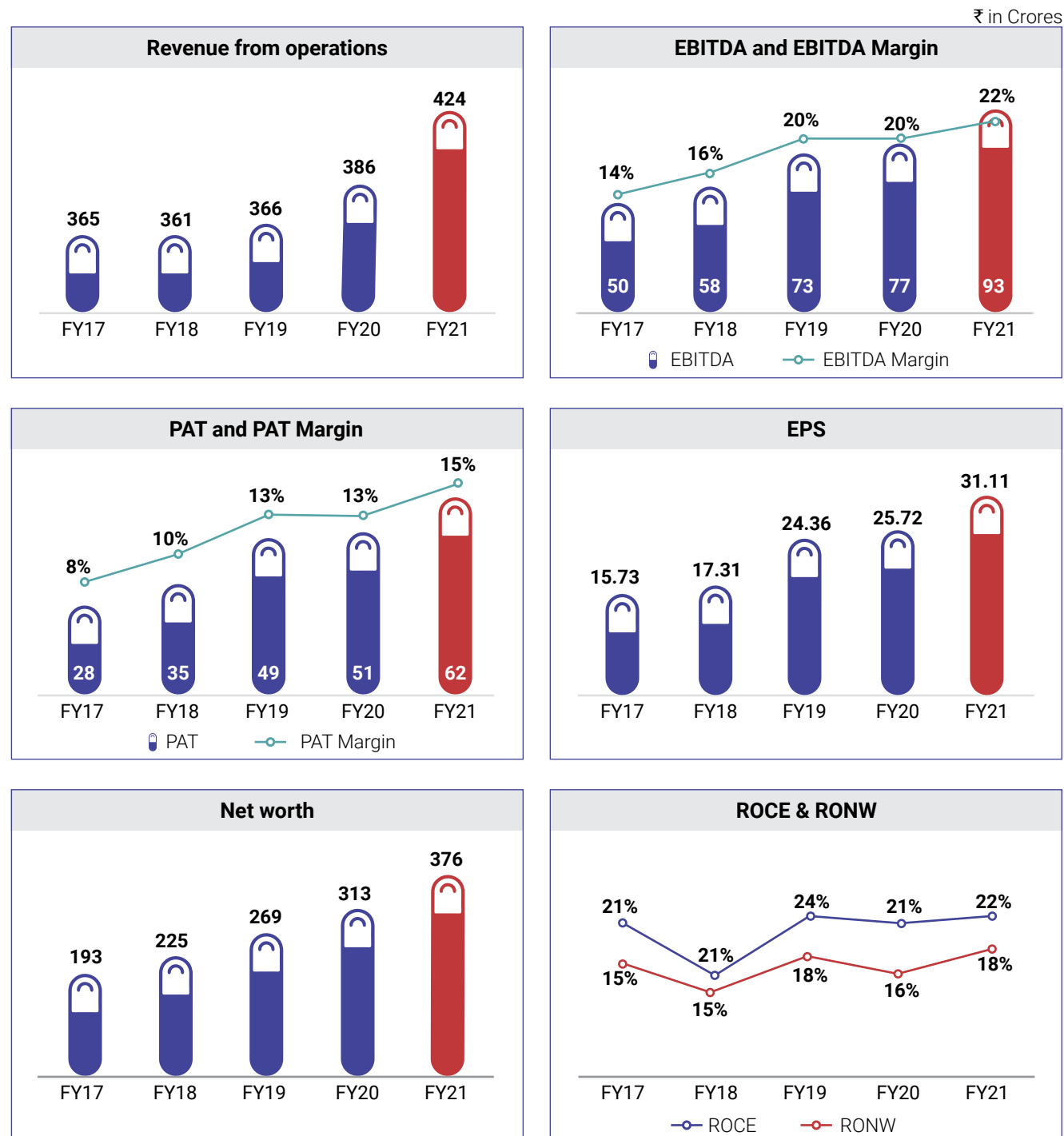
Going ahead, Lincoln Pharmaceuticals Limited is dedicated to expanding its product portfolio, gain more patents and increase focus on research and development. The Company is committed to developing value-adding products in the lifestyle and chronic segments, especially for women and skincare. Our presence in the acute segments presents a lucrative growth opportunity to gain more ground in the market. The Company is looking forward to expanding its global footprint from 60 to more than 90 countries in the coming years, to impact more lives and spread health and well-being through our vast range of products.

Before concluding, I would like to express my gratitude to all the customers, employees, business partners and shareholders of Lincoln Pharmaceuticals Limited. The confidence and trust of our well-wishers have motivated us to reach new heights. The Company will continue to set new standards and grow as a dominant force in the pharmaceutical segment to realise our collective vision.

Regards,  
**Mahendra G. Patel**  
Managing Director, Lincoln Pharmaceuticals Limited.



# FINANCIAL HIGHLIGHT (CONSOLIDATED)



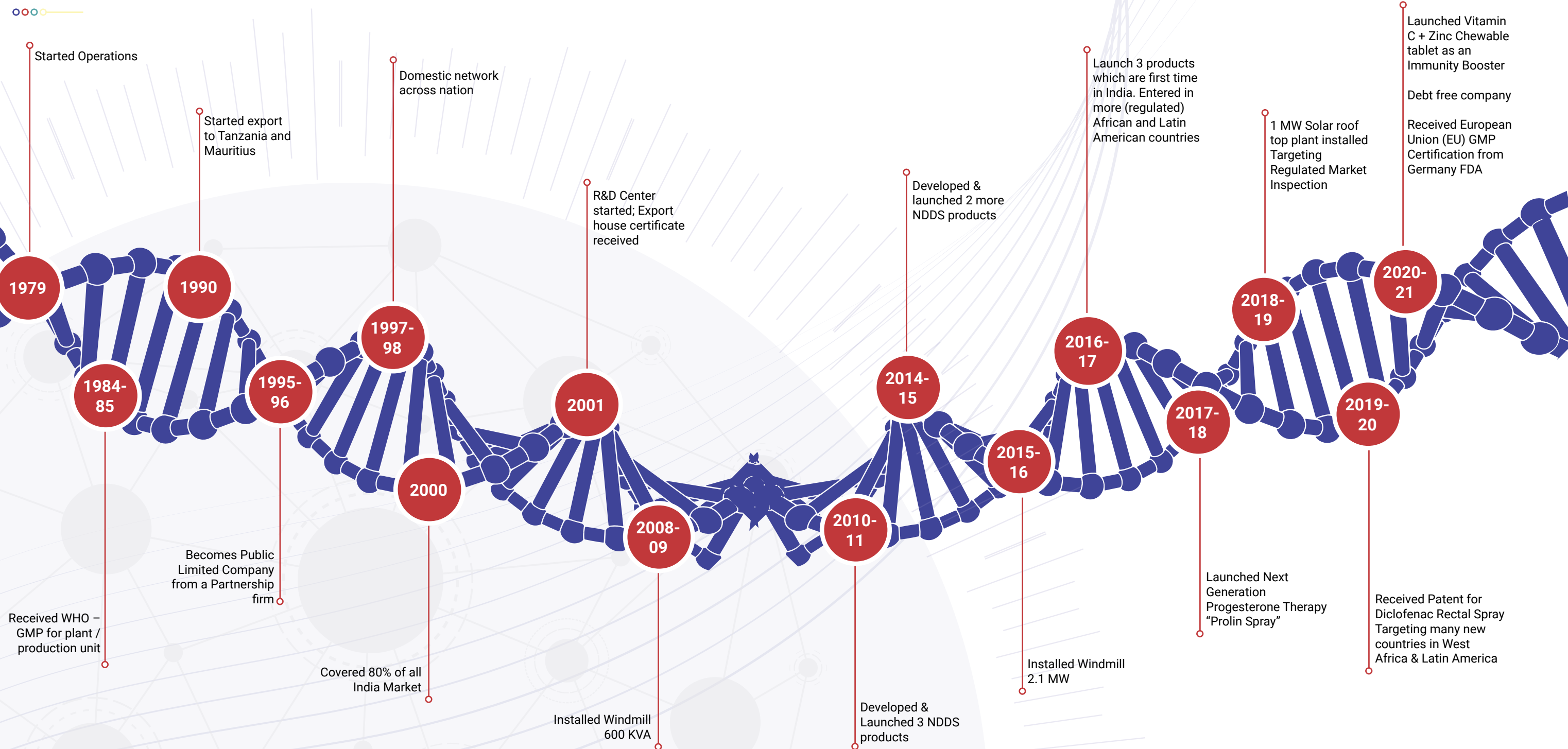
# FINANCIAL SUMMARY (CONSOLIDATED)



₹ in Crores

Particulars	2020-21	2019-20	2018-19	2017-18	2016-17
Revenue from operations	424.19	386.49	366.14	361.63	365.34
Other Income	5.66	11.04	5.63	5.45	2.73
<b>Total Income</b>	<b>429.85</b>	<b>397.53</b>	<b>371.77</b>	<b>367.08</b>	<b>368.07</b>
EBIDTA	92.84	76.58	72.87	57.77	49.50
Depreciation	7.56	7.33	6.68	6.11	5.51
EBIT	85.28	69.25	66.19	51.66	43.99
Finance Charge	1.56	2.02	4.00	5.41	6.66
Profit Before Tax & Exceptional Items	83.72	67.23	62.19	46.25	37.33
Exceptional items	-	-	-	-	-
Profit Before Tax	83.72	67.23	62.19	46.25	37.33
Tax	21.46	15.77	13.46	11.60	9.20
Profit After Tax	62.26	51.46	48.73	34.65	28.13
Share Capital	20.00	20.00	20.00	20.00	20.00
Other Equity	355.29	293.09	249.34	204.22	172.38
Non-Controlling Interest	0.40	0.38	0.36	0.33	0.30
<b>Total Equity</b>	<b>375.70</b>	<b>313.47</b>	<b>269.70</b>	<b>224.54</b>	<b>192.68</b>
Non-current Liabilities	10.13	10.33	10.95	17.76	21.77
Short Term Borrowings	-	3.83	30.09	48.55	45.04
Current liabilities (excluding short term borrowings)	73.55	61.75	55.25	56.38	45.85
Tangible Fixed Assets (Property, Plant and Equipment) (net)*	109.97	112.83	111.26	107.01	93.11
Other non current assets	42.94	28.56	30.68	21.89	31.18
Current assets	306.46	248.00	224.04	218.34	181.05

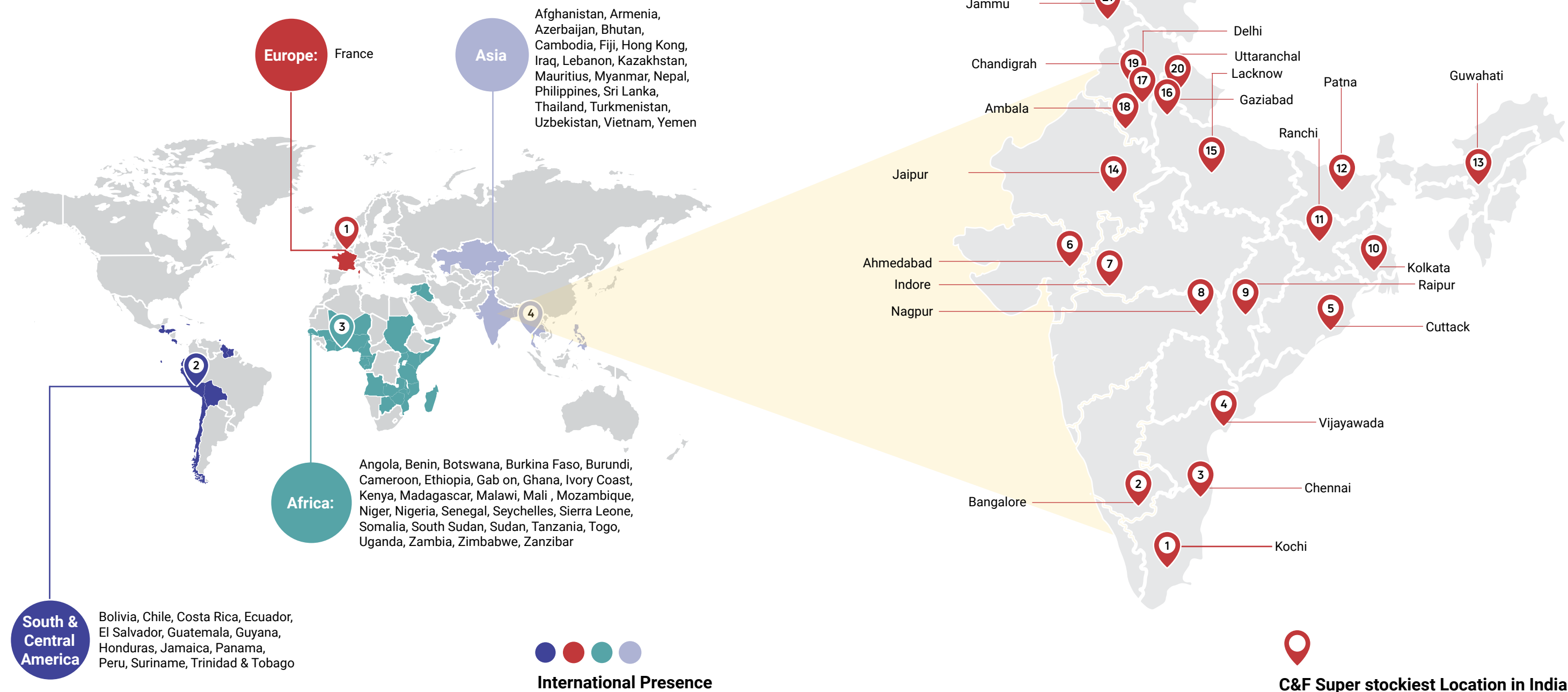
# HISTORY TIMELINE





# GEOGRAPHICAL PRESENCE

Presence over 60 + Countries in Europe, Latin America, Africa, Asia Pacific, South East Asia and 26 States across India



## PLANT/ MANUFACTURING FACILITIES

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Approved by Government of India;  
Team of 33 scientists for R&D



## RESEARCH & DEVELOPMENT

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### NDDS Formulations Introduced as First Time in India

- 1 Anti-fungal vaginal spray
- 2 Diclofenac rectal spray
- 3 Sildenafil oral spray
- 4 Ondansetron Hydrochloride Oral Spray (DOMI-UP)
- 5 Paracetamol 1000mg Programmed Release Tablet (PA-12)
- 6 Micronized Progesterone Vaginal Spray (PROLIN)
- 7 Namcold DX Oral Suspension
- 8 First one to introduce TINNEX for the relief of Tinnitus

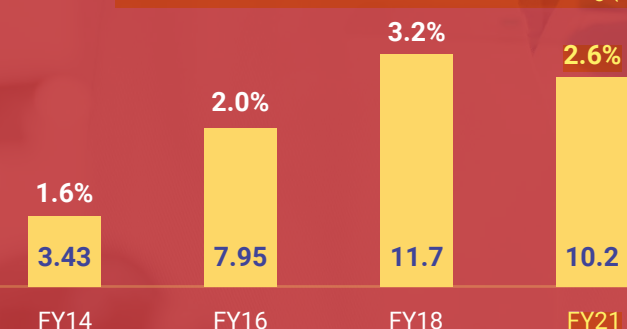
### RESEARCH FACILITIES

Senior Scientist  
Junior Scientist  
Analysts  
Regulatory Personnel  
Administrative Personnel  
Others  
Total

### R&D Team

15  
18  
18  
12  
9  
6  
78

### R&D EXPENDITURE AS % OF SALES Fig (Rs.Cr)



### Dosage Forms Produced at Unit 1

Description	Annual Capacity	Unit
Tablet (Compression & Coating)	21,600 Lakhs	Tablets
Tablet (Granulation)	9,00,000	Kg
Capsule (Filling)	2,340 Lakhs	Capsules
Dry Syrup (Filling)	72,00,000	Bottles
Ointment (Filling)	336 Lakhs	Tubes

### Dosage Forms Produced at Unit 2

Description	Size	Annual Capacity	Unit
Liquid Ampoules	1 ml to 5 ml	60,000,000	Ampoules
	10 ml	30,576,000	Ampoules
Liquid Vials	2 ml to 10 ml	15,600,000	Vials
	10 ml to 30 ml	15,600,000	Vials
Oral Liquids	60 ml to 100 ml	18,000,000	Bottles
	150 ml to 200 ml	18,000,000	Bottles
Dry Powder Injection	100 mg	22,464,000	Vials



# PRODUCT PORTFOLIO



## Therapeutic Coverage



## Key Brands

### Domestic Market



### International Market



## Innovations from Lincoln

	<b>• Progestrone spray</b> <ol style="list-style-type: none"> <li>1. Unique delivery system for accurate 25mg delivery of micronized progesterone/Spray</li> <li>2. Formulation dispensed in mist form which provides local as well as systemic effect of Progesterone via vaginal route covering large area of vaginal cavity</li> <li>3. Better patient compliance than vaginal tablets, capsules and intramuscular injections</li> </ol>		
	<b>• Paracetamol 1000 mg programmed release tablet</b> <ol style="list-style-type: none"> <li>1. Unique bi layered proglot designed for programmed release drug delivery</li> <li>2. 12 hours action with 30% IR and 70% SR release activity</li> <li>3. BID with more patient compliance and is Hepato-friendly</li> </ol>		
	<b>• Caroverine injection</b> <ol style="list-style-type: none"> <li>1. Sterile formulation for relief from Tinnitus</li> <li>2. Tie - up with PHAFAG.AG (Switzerland)</li> <li>3. Given through slow IV infusion</li> <li>4. Aqueous technology</li> </ol>		
	<b>• Domi Up Spray</b> <ol style="list-style-type: none"> <li>1. Meter dose pump</li> <li>2. Each squirt (spray) accurately delivers 2 mg Ondansetron Hydrochloride</li> <li>3. Faster onset of action</li> <li>4. Prompt relief from nausea &amp; vomiting</li> <li>5. Convenient for patient over Injectable</li> <li>6. Better patients compliance</li> </ol>		
	<b>• Namcold DX</b> <ol style="list-style-type: none"> <li>1. First time in India: 'Extended Release' Oral Suspension</li> <li>2. The only liquid cough suppressant that works for upto 12 hours</li> <li>3. BID dose with more patient compliance</li> <li>4. Available in alcohol free delicious orange flavor</li> </ol>		
	<b>• Ryno Spray</b> <ol style="list-style-type: none"> <li>1. Very Low systemic bioavailability</li> <li>2. Higher Corticosteroid Receptor affinity Fluticasone furoate (2989), mometasone furoate (2244), fluticasone propionate (1775)</li> <li>3. Effective in the treatment of allergic &amp; non allergic rhinitis</li> </ol>		
	<b>• US INFITY-YS</b> <ol style="list-style-type: none"> <li>1. Most stable derivative of Vitamin C (at 450C)</li> <li>2. Easy to penetrate skin</li> <li>3. Molecular weight of Hyaluronic acid in INFITY-YS is equivalent to 1000 KDa</li> </ol>		
	<b>• USP INFITY-HS</b> <ol style="list-style-type: none"> <li>1. Revitalized the DPC</li> <li>2. Covering all aspects of Baldness in one solution</li> <li>3. Powered with the Hair Growth Formula</li> <li>4. Empowered with Powerful Antioxidant than Vitamin E or Vitamin C</li> </ol>		
	<b>• Emmufast-Vitamin C+ Zinc Chewable Tablet</b> <table> <tr> <td> <b>• Vitamin C</b> <ol style="list-style-type: none"> <li>1. Powerful immunity booster</li> <li>2. Reduces risk of chronic disease</li> <li>3. Powerful Anti-Oxidant</li> </ol> </td> <td> <b>• Zinc</b> <ol style="list-style-type: none"> <li>1. Possesses a Variety of direct and indirect antiviral properties</li> <li>2. Potential to enhance antiviral immunity, both innate and humoral and to restore depleted immune cell function or to improve normal immune cell function</li> </ol> </td> </tr> </table>	<b>• Vitamin C</b> <ol style="list-style-type: none"> <li>1. Powerful immunity booster</li> <li>2. Reduces risk of chronic disease</li> <li>3. Powerful Anti-Oxidant</li> </ol>	<b>• Zinc</b> <ol style="list-style-type: none"> <li>1. Possesses a Variety of direct and indirect antiviral properties</li> <li>2. Potential to enhance antiviral immunity, both innate and humoral and to restore depleted immune cell function or to improve normal immune cell function</li> </ol>
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# AWARDS & ACCOLADES



1994-95 - Gujarat State Export Award -Gandhinagar for LPL-Naroda



2011-12- Ambaji Padyatra Camp - Lions club of Kalol City



2012-Pharma-Excellence Award for Innovative R&D Co. of the year



2013 - Gujarat SME Excellence Award for Exemplary Achievement in Mfg. sector



2014-15 Outstanding Export Performance Award-MSME Commission-Govt. of India)



Export Award-2014-15 -Certificate (MSME)



ICME- Niryat Rattan Award for Indian Council for Small & Medium Exporter



IES-Udyog Rattan Award



IDMA-Corporate Citizen Award-19.01.2019



# BOARD OF DIRECTORS

Mr. Kishor M. Shah

Non-Executive Director, Chairman

Mr. Kishor is associated with the company since more than twenty six years. His vision and commitment inspires the Board and the core committees of the Company. He carries immense experience in the area of International marketing and directing projects across diverse industries and magnitudes.

Mr. Mahendra G. Patel

Managing Director

Mr. Mahendra is a Law Graduate. He has immense and varied experience in corporate planning. He is associated with the Company since incorporation. Under his leadership and Guidance the Company has flourished and has reached the current position. He mainly looks after export business, legal and financial matters. He handles corporate planning, formulation of strategies, policy decisions, corporate finance, legal matters etc. His expertise, experience and knowledge has helped the Company to a great extent.

Mr. Hashmukh I. Patel

Whole Time Director

Mr. Hashmukh is a science graduate. He is aged about 62 years and is having a rich and varied experience in the Pharmaceutical Industry. He manages the entire gamut of domestic marketing as well as the entire sales distribution system of the Company. His experience and knowledge has helped the Company to a great extent.

Mr. Ashish R. Patel

Whole Time Director

Armed with a degree in Marketing from U.K. and commerce graduate, he is having immense knowledge and great experience in the area of domestic marketing. He mainly looks after Domestic Marketing Operation of the Company. He handles Sales Operation, formulation of strategies, policy decisions, etc. His expertise, experience and knowledge has helped the Company to a great extent.

Mr. Munjal M. Patel

Whole Time Director

Armed with a degree in Finance from USA and Diploma in investment & Financial Analysis, he is having immense knowledge and great experience of the global Financial Services Sector. He handles International Operations, formulation of strategies, policy decisions, etc. His expertise, experience and knowledge has helped the Company to a great extent.

Mr. Rajnikant G. Patel

Non-Executive Director and Founder of a Company

He is a B. Pharm. He is aged about 62 years and is having a rich and varied experience in the Pharma Industry. He is associated with the Company since incorporation. He looks after product development, manufacturing and research and development activities of the Company. He has been instrumental in bringing the Company to its present position.

Mr. Arvind G. Patel

Non-Executive Director

He is B. E. (Electrical) Engineer, aged about 69 years and is associated with Company for more than twenty five years. His mainly is involved in planning activity and project implementation process. His experience and has helped the company to great extent.

Mr. Ishwarlal A. Patel

Independent Director

Mr. Ishwarlal is a Commerce graduate. He is aged about 86 years. He was a chairman of the leading co-operative Bank. He possesses immense amount of experience and expertise in the field of finance. He is associated with the Company from its inception and his contribution to the Company has been remarkable.

Mr. Pirabhai R. Suthar

Independent Director

Mr. Pirabhai is M.B.B.S., aged about 73 years. He is associated with the Company for over a period of 2 decades. He possesses a very good knowledge of medicine and the formulations / contents of the medicines. His expertise in medicine and experience has helped the Company to a great extent.

Ms. Meha Patel

Independent Director

Ms. Meha Patel is M.B.B.S., aged about 29 years. She has very good knowledge of medicine and its formulations. Her knowledge related to medicine is instrumental for the growth of the Company

Mr. Saurin J. Parikh

Independent Director

Mr. Saurin is aged about 47 years, holds a Bachelor degree of Engineering from the Gujarat University. He is having experience of more than 25 years in the field of manufacturing and export of cotton trade like raw cotton, yarn and its by-products and he has also been instrumental in the areas such as formulation of business policies, strategies, planning and effective implementation of the same. He possesses effective leadership abilities which can lead the Company to achieve success in future.

# CORPORATE INFORMATION

# CORPORATE SOCIAL RESPONSIBILITY

## BOARD OF DIRECTORS

**Mr. Kishor M. Shah** - Chairman  
**Mr. Mahendra G. Patel** - Managing Director  
**Mr. Hashmukh I. Patel** - Whole Time Director  
**Mr. Ashish R. Patel** - Whole Time Director  
**Mr. Munjal M. Patel** - Whole Time Director  
**Mr. Rajnikant G. Patel** - Director  
**Mr. Arvind G. Patel** - Director  
**Mr. Ishwarlal A. Patel** - Independent Director  
**Mr. Pirabhai R. Suthar** - Independent Director  
**Ms. Meha Patel** - Independent Director  
**Mr. Saurin J. Parikh** - Independent Director

## CHIEF FINANCIAL OFFICER

Mr Darshit A. Shah

## COMPANY SECRETARY

Mr Niren A. Desai

## AUDITORS

- M/s. J. T. Shah & Co.**  
 Chartered Accountants,  
 [Statutory Auditor]
- M/s. Kiran J. Mehta & Co.**  
 Cost Accountants  
 [Cost Auditor]
- M/s. Vishwas Sharma & Associates**  
 Practicing Company Secretary  
 [Secretarial Auditor]

## BANKER

State Bank of India  
 Yes Bank

## CORPORATE IDENTITY NUMBER (CIN)

L24230GJ1995PLC024288

## ISIN

INE405C01035

## REGISTERED OFFICE

"LINCOLN HOUSE", Behind Satyam Complex,  
 Science City Road, Sola, Ahmedabad-380060,  
 Gujarat, India  
 Ph. No.: +91-79-4107-8000,  
 Fax: +91-79-4107-8062,  
 Email ID: investor@lincolnpharma.com,  
 Website: www.lincolnpharma.com.

## REGISTRAR AND SHARE TRANSFER AGENT (RTA)

### LINK INTIME INDIA PRIVATE LIMITED

5th Floor, 506-508, Amarnath Business Centre-1,  
 Beside Gala Business Centre, Near St. Xavier's Collage  
 Corner,  
 Off C. G. Road, Navrangpura, Ahmedabad-380009.  
 Ph. No.: +91-79-30002684 / +91-79-26465179  
 Email ID: ahmedabad@linkintime.co.in

## PLANT

10,12,13, Trimul Estate, At. Khatraj, Ta-Kalol,  
 District-Gandhinagar, Gujarat.  
 Ph. No.: +91-79-4913-5000  
 Email ID: khatraj@lincolnpharma.com

Lincoln Pharmaceuticals Limited has always been dedicated to playing a role in uplifting the society and ensuring a brighter future. Part of the Company's values are to be actively involved in philanthropic and motivational activities which set a good example. The Company is always extending its support to various humanitarian causes and making a positive impact.

To support the specially-abled, we joined hands with Blind People's Association and extended financial help. For supporting the educational aspirations of numerous students, we partnered with Dr. Jit Mehta Balshala Trust, Kadi Taluka Public Charitable Trust, Shree Shertha Kelvani Mandal and Shri Sarswati Kanya Kelavani Mandal.

As an initiative against hunger and to ensure better healthcare for the needy, we provided help to Sardardham, Shardaben Gulabdas Patel Public Charity Trust, Shree Someshwara Ashram Trust, Shri Brahm Samaj Seva Trust, Shri Gramy Seva Sangthan, Shri Kadi Ru Mahajan Pathikashram, Sri Sathya Sai Heart Hospital and The Akshaya Patra Foundation. To provide better medical services to the slum dwellers, we extended help to the Smile Foundation.

The CSR activities of Lincoln Pharmaceuticals Limited are continuously helping the needful and our partnership with various NGOs and trusts have led to fruitful initiatives. Moving forward we will continue to build on our good work and create a society which welcomes and nurtures all.



# MANAGEMENT DISCUSSION AND ANALYSIS



## Global Economy

COVID-19 triggered a deep recession that was only surpassed by two World Wars and the Great Depression in the previous century and a half. Despite the fact that global economic activity is increasing again, business as usual is unlikely to resume in the near future. The epidemic has claimed many lives, pushed millions into poverty, and is anticipated to leave enduring wounds that will keep activity and income substantially below pre-pandemic levels for a long time.

The initial improvement was originally aided by a slight relaxation of the strict lockdowns. However, as COVID-19 has expanded over the world, several restriction measures have been reintroduced. Infections have returned with a vengeance in some locations.

The global economy is predicted to decrease by 4.3 percent in 2020, which is 0.9 percentage point less than projections from June. Although the first decline in advanced economies was less severe than expected, the subsequent recovery has been hampered by a significant return of COVID-19 cases.

Following the collapse caused by the COVID-19 pandemic last year, worldwide economic output is predicted to grow 4% in 2021, but will still be more than 5% under pre-pandemic forecasts. Global growth is expected to slow to 3.8 percent in 2022, owing to the pandemic's long-term

impact on prospective growth. The effects of the pandemic on investment and economic output in emerging market and developing economies (EMDEs) is likely to degrade growth prospects and set back major development goals.

On the back of pandemic containment, universal vaccination and sustained monetary policy accommodation, advanced economies are predicted to recover, with GDP reaching 3.3 percent and 3.5 percent in 2021 and 2022, respectively, more than compensating the partial unwinding of fiscal assistance. Although EMDE growth is predicted to accelerate to 5 percent in 2021 and then moderate to 4.2 percent in 2022, the increase is mostly due to China's expected recovery. Without China, the recovery in EMDEs is expected to be much more moderate, averaging 3.5 percent in 2021-22, as the pandemic's residual impacts weigh on consumption and investment.

The worldwide recovery, which has been hampered in the short term by a recurrence of COVID-19 infections, is projected to improve over time as confidence, demand, and exports improve, aided by continued vaccination. The prospect of a further increase in virus propagation, delays in vaccine supply and distribution, severe and longer-lasting consequences on total output from the pandemic, and financial stress generated by high public debt and sluggish growth are all downside risks to this baseline. Limiting the virus's spread, assisting vulnerable groups, and solving vaccine-related

problems are all top policy issues right now. As the crisis fades, policymakers must weigh the hazards of big and growing debt loads against the risks of premature fiscal tightening, which could weaken the economy. To deal with the pandemic's negative consequences, it will be necessary to strengthen resilience by prioritising investments in digital innovations and alternative energy, boosting governance, and increasing debt transparency. Many of these issues will require global cooperation to solve.

### Indian Economy

India has progressed through the pandemic because of the government's robust policy actions and a positive prospect for economic recovery. Since January 16, 2021, India has provided 4 million shots of COVID-19 vaccines in two weeks, making it the world's fifth-largest vaccinated country. India has established itself as the world's vaccine powerhouse, aiding more than 90 countries looking to stockpile vaccines.

Since March 2020, the government has implemented early lockdown, ramped-up health-infrastructure, incremental unlocking, blanket testing, social distancing, tailored deficit reduction (to reduce supply shortages and revitalise demand) and institutional adjustment to help keep India's fatality rate at 1.2 percent, one of the lowest in the world. India is soon becoming the world's fastest-growing major economy, with the IMF forecasting growth of up to 6.8% in FY23. In addition,

the Economic Survey 2020-21 has highlighted the V-shaped growth in the economy, which is a tribute to India's rising economy and inherent strength. In January 2021, there was a sustained economic rebound.

Employment demand under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) improved dramatically between April 2020 and January 2021. (51.5 percent YoY). The scheme registered 323.2 crore person-days of work until January 2021, an increase of 46.8% year on year.

The Manufacturing Purchasing Managers' Index (PMI) in India was 57.7 in January 2021, up from 56.4 in December 2020. New orders and increased exports fueled this growth. Merchandise exports increased by 5.4 percent year over year in January 2021. In January 2021, the PMI Services Index increased to 52.8 from 52.3 in December 2020. The introduction of the COVID-19 immunisation campaign enhanced overall business optimism in January 2021. Power consumption climbed by 4.8 percent in January 2021 and 5.2 percent in December 2020, indicating that commercial and industrial activity are continuing to improve.

FDI continues to be a significant driver of economic growth and a major source of non-debt finance in India. Between April and November 2020, total FDI inflows reached a new high of US\$ 58.37 billion, a 22.4 percent increase during the



first eight months of 2019-20, bolstering India's status as a preferred global investment destination. In January 2021, the net FPI inflows totalled US\$ 1.23 billion.

### Global Pharmaceutical Industry

The international pharmaceutical market was worth US\$ 405.52 billion in 2020, and it is predicted to increase at an annual pace of 11.34 percent from 2021 to 2028. With the introduction of new technology and more efficient manufacturing methods, the pharmaceutical industry has experienced a significant upheaval. Furthermore, increased investment flow in this domain has had a beneficial impact on market growth. Robotic technologies and Artificial Intelligence are used to decrease manufacturing delays and product waste (AI). Furthermore, in this market, single-use disposable solutions have gained traction and have overtaken open transfer manufacturing procedures. In addition, the paradigm change towards integrated, intelligent, data-rich paperless operations has resulted in error-free and flawless output. Drug manufacture has accelerated as a result of these continuous improvements.

Consistent advancement in the field of personalised medicine has opened up a slew of new options for treating a variety of ailments, as well as the development of patient-centric models. As a result of this breakthrough, the development of complicated medications and personalized treatments is shifting from big quantities to smaller batches. This has prompted manufacturers to restructure their supply chains in order to better match with the patient-centered health-care system.

The medication manufacturing techniques are projected to be fueled by an increase in drug approvals by regulatory agencies. The FDA, for example, approved 59 medications in 2018, 49 pharmaceuticals in 2019, and 15 drugs through April 2020. In addition, a huge number of existing clinical trials have generated several market growth potential.

In recent years, the pharmaceutical business has seen a growth in mergers and acquisitions. In this highly competitive environment, the most well-established companies are strategising to strengthen their market position. Small to mid-sized pharmaceutical companies, on the other hand, are bought for their inventive skills. Furthermore, strict rules aimed at lowering pharmaceutical prices are also a crucial factor.

The research-based pharmaceutical business has the potential to help Europe re-establish growth and ensure global competitiveness. In Europe, € 39,000 million will be invested in pharmaceutical-based R&D by 2020. It directly employs about 8,30,000 people and indirectly employs roughly three times as many people than it does directly. However, the

industry is confronted with significant problems. Aside from extra regulatory impediments and rising R&D expenses, the sector has been severely harmed by the impact of European governments' budgetary reforms.

### Indian Pharmaceutical Industry

Due to the outbreak of the COVID-19 pandemic, the pharmaceutical industry, as well as the healthcare sector globally, has been impacted severely, resulting in changes in consumer requirements and preferences, as well as macroeconomic, structural, and microeconomic changes. The pharmaceutical industry is responding with agility in the face of the global epidemic and a changed world, from the analysis of the novel Covid-19 virus in January to the successful development of vaccines and their inoculation on a global scale. This breakthrough has been made possible by unprecedented worldwide efforts, including exceptional teamwork, resource mobilization, and real-time data exchange. With the exception of the speed, which is crucial in a health emergency, the blueprint has been designed to accelerate innovation without regard for financial risk. This comprises resource and data sharing, adaptability and effectiveness through modern technology adoption, and, most critically, risk management among stakeholders. Across all geographies, healthcare is expected to be at the top of the strategic agenda. Governments from all over the world will keep a tight eye on the pharmaceutical business in the future.

Since March 2020, the sector has faced crippling constraints and hurdles in reaching customers with aspirations to operate and distribute medications in India and around the world. In response to the global crisis, the pharmaceutical industry outperformed expectations, selling pharmaceuticals to over 150 nations in addition to covering all local demands. Over the course of the year, a significant increase in vaccine capacity was achieved to boost vaccine administration in India and other countries that rely on India for supplies.

Over the previous two decades, the Indian pharmaceutical industry has developed at a compounded annual growth rate (CAGR) of 11% in the domestic market and 16% in exports. While the local market has expanded at a similar rate to GDP, the industry's overall expansion has been fueled by its leadership in delivering generic formulations to markets across the world.

We predict the Indian pharmaceutical business to increase at a compound annual growth rate (CAGR) of 12% between 2020 and 2030, reaching US\$130 billion by 2030, up from US\$41.7 billion in 2020. Though the pharmaceutical sector has expanded at a CAGR of almost 13% over the last two decades, it has risen at an 8.5 percent CAGR in the last decade.

The Indian pharmaceutical industry produces over 40% of generics in the world's largest pharma market - the United States, and about 25% of prescription drugs in the United Kingdom, as well as over 60% of global vaccine supply, making India one of the world's leading pharmaceutical manufacturers. The global formulation trade value is around US\$652 billion (2019), with India's participation of global exports only about 2.5 percent. With rising pricing pressure on the global generics market and increased competition in India's established export corridors, the present product range is projected to widen the gap even more.

### Company Overview

Lincoln Pharmaceuticals Limited is an organisation dedicated towards attaining progress in the industry via breakthrough innovation, proficient business techniques and total customer satisfaction. As a high-achieving pharmaceutical producer, we manufacture and advertise numerous therapeutic molecules adhering to the WHO-GMP guidelines in both domestic and international markets. Developed using the best-in-class standards, our drugs are available at very cost-effective rates for the masses.

Established in 1979, the company has been a leader in branded generics due to its affordable and innovative medicines for healthier lives. With its own R&D and locus manufacturing facilities in Ahmedabad, the organisation is treading steadily towards its vision of "Healthcare for All". Furthermore, the company's manufacturing units have received European Union (EU) GMP certification, which grants them the marketing rights of their products in all the 27-member nations of the EU and access to European Economic Area (EEA) countries.

Lincoln Pharmaceuticals Limited stands out in the industry on the back of its cutting-edge R&D capabilities. With more than 30 scientists at the helm of the department, the company has filed patents for 25+ patents and received seven patents. Recognised by the Department of Scientific and Technology and the Government of India, the company's state-of-the-art devices and equipment are capable of conducting internal physical, chemical and microbiological analyses of all products.

As a responsible contributor to the society, the company is serious on its green initiatives and has set up a new solar plant of 1 MW in addition to two windmills. The result is savings of nearly 65% of electricity cost, propelling the organisation to become a self-sustaining and environment-friendly pharmaceutical company.

Lincoln Pharmaceuticals Limited stands tall on the foundation of scientific, financial, managerial and operational expertise which works to revitalize your life. We take pride in lending

a forward momentum to the Indian pharmaceutical industry, through our intellectual property, enterprise facilities and very vital personnel resources.

### Operational Overview

In FY21, Lincoln Pharmaceuticals Limited managed to conduct business smoothly after the organized unlock in India. Apart from manufacturing goals, the Company achieved many objectives which ensured the financial year was filled with success and optimism.

The following achievements highlight the growth of Lincoln Pharmaceuticals Limited in FY21:

- Secured a patent for Didofenac Rectal Spary
- Developed new NDDS formulations and introduced them for the first time in India
- Producing renewable energy for captive consumption
- Aggressive international operations in Africa and South-East Asia. Received EU GMP certificate to conduct business in the European Union.
- To Amalgamation Lincoln Parenteral Limited and Lincoln Pharmaceuticals Limited to synergise operations and enhance competitive strength, cost-effectiveness and productivity
- Set up API production unit and Cephalosporin Plant

### Financial Performance and Outlook

The Net Revenue has gone up from ₹397.5 crores in FY20 to ₹429 crores in FY21, a rise of 8.1 per cent. On the other hand, the EBITDA for FY21 is ₹92.8 crores, a growth of 21.1 per cent from ₹76.6 crores in FY20. The Profit After Tax (PAT) for FY21 stands at ₹62.2 crores, an increase of 21 per cent from ₹51.4 crores in FY20. The exports for FY21 has rise by 18.4 per cent to ₹270 crores.

At the end of FY21, Lincoln Pharmaceuticals Limited stands debt-free with a strong liquidity position. In the last five years, the Company has delivered a staggering 20 per cent CAGR in profits. At current pace, Lincoln Pharmaceuticals Limited will easily surpass the industry growth levels and reach double digit sales growth with better margins.



Sr no.	Particulars	2020-21	2019-20
<b>Profitability Ratios</b>			
1	Operating Profit Margin	20.55%	16.96%
2	Net Profit Margin	14.68%	13.20%
3	Return on Net worth	16.57%	16.27%
<b>Working Capital Ratios</b>			
1	Debtors Turnover (days)	96	96
2	Inventory Turnover (days)	86	95
<b>Gearing Ratios</b>			
1	Interest Coverage	59.44	37.95
2	Debt/Equity	Nil	Nil
<b>Liquidity Ratios</b>			
1	Current Ratio	4.17	3.78

### Risk Management

The Company finds its risk from increasing unorganised players in its segments and the growing number of imports which leads to the competitive market. This increasing competition can hamper the profitability of the Company. For this, the Company has employed a vigilant approach to continuously identify, analyse and monitor the risks associated with its business. The management aims to provide confidence to the stakeholders that the Company's risks are known and well managed. Further to this, the Company also focuses on protecting the environment and growing its awareness. Additionally, various other cost controlling measures have been taken to focus on the cost control.

### Human Resources

Professional, motivated and highly qualified personnel are among Mitsu's most precious assets and the key to our future growth. The Company encourages its employees to perform to their best ability and supports open collaboration, engagement and involvement. Constant improvements are brought about in work practices, technological and technical developments, and productivity of employees through training and learning development programmes. The Company believes in offering the best possible opportunities to its human resource for growth, development and a better quality of life, while developing their potential and maximising their productivity. Further, the Company also believes in talent acquisition to augment its plan of making its presence firm in the market its leads. As at March 31, 2020 the Company strength stands at 288.

### Internal Control System

The Company has built adequate systems of internal controls towards achieving efficiency and effectiveness in operation, optimum utilisation of resources, and effective monitoring thereof as well as compliance with all applicable laws. The internal control mechanism comprises well-defined organisation structure, documented policy guidelines, pre-determined authority levels and processes commensurate with the level of responsibility. Needless to mention, ensuring maintenance of proper accounting records, safeguarding assets against loss and misappropriation, compliance of applicable laws, rules and regulations and providing reasonable assurance against fraud and errors will continue to remain the central point of the entire control systems.

### Cautionary Statement

Statements in this Management Discussion and Analysis Report describing the Company's objectives, estimates etc. may be "Forward looking statements" within the applicable laws and regulations. Actual results may vary from these expressed or implied; several factors that may affect Company's operations include Dependency on telecommunication and information technology system, Government policy and several other factors. The Company takes no responsibility for any consequences of the decisions made, based on such statements and holds no obligation to update these in future.

## NOTICE

**NOTICE** is hereby given that the 27<sup>th</sup> (Twenty Seventh) Annual General Meeting ("AGM") of the members of Lincoln Pharmaceuticals Limited ("the Company") will be held on Thursday, September 30, 2021 at 11:00 a.m. (IST) through Video Conference ("VC") or Other Audio Visual Means ("OAVM"). The venue of the AGM shall be deemed to be the registered office of the Company. The following businesses will be transacted at the AGM:

### ORDINARY BUSINESSES:

1. To receive, consider and adopt the audited financial statements (standalone and consolidated) of the Company for the financial year ended March 31, 2021 together with the auditors' report thereon and the report of the board of directors of the Company.
2. To declare dividend of ₹ 1.50/- (15%) per equity share for the financial year 2020-2021.
3. To appoint a Director in place of Mr. Hashmukh I. Patel [DIN: 00104834], who retires by rotation and being eligible offers himself for re-appointment as a Director.
4. To appoint a Director in place of Mr. Munjal M. Patel [DIN: 02319308], who retires by rotation and being eligible offers himself for re-appointment as a Director.

### SPECIAL BUSINESSES:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:-**

**RESOLVED THAT** pursuant to provisions of Section 188 and other applicable provisions of the Companies Act, 2013 and rules framed there under and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and subject to such other consents, approvals or permissions of any authority as may be necessary, consent of the members be and is hereby accorded for entering into transactions with related parties as per the details mentioned in the explanatory statement which is attached to and forming part of this notice.

**RESOLVED FURTHER THAT** the board of directors and / or any committee thereof be and is hereby authorised to settle any difficulty and doubts that may arise with regard to giving effect to the above resolution and to do all acts and take all such steps as may be necessary or expedient to give effect to this resolution.

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:-**

**RESOLVED THAT** pursuant to provisions of section 148 (3) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the consent of the members be and is hereby accorded to ratify the payment of remuneration of ₹ 1,65,000/- (Rupees One Lakh and Sixty – Five Thousand Only) p.a. plus goods and service tax and out of pocket expense at actual to M/s. Kiran J. Mehta & Co., Cost Accountants (FRN: 000025), Ahmedabad who were appointed by the board of directors as cost auditors to conduct the audit of cost records maintained by the Company pertaining to products manufactured by the Company for the financial year ended on March 31, 2022.

**By Order of the Board  
For Lincoln Pharmaceuticals Limited**

**Niren. A. Desai  
Company Secretary  
Membership No. A60285**

**Ahmedabad, August 10, 2021**

**Registered Office:**  
"LINCOLN HOUSE", Behind Satyam Complex,  
Science City Road, Sola, Ahmedabad,  
Gujarat – 380 060, India.



## NOTICE (Contd...)

### NOTES:

1. In view of the continuing CoVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 05, 2020 read with circulars dated April 08, 2020 and April 13, 2020 (collectively referred to as "**MCA Circulars**") and SEBI vide its circulars dated May 12, 2020 and January 15, 2021 ("**SEBI Circulars**") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the members at a common venue. MCA vide circular dated January 13, 2021 has allowed the Companies whose AGM were due to be held in the year 2020 or become due in the year 2021, to conduct their AGMs on or before December 31, 2021 in accordance with the requirement provided in its circular dated May 05, 2020. In compliance with the provisions of the Companies Act, 2013 ("the Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.

As AGM is being held pursuant to the MCA and SEBI Circulars through VC / OAVM, the facility to appoint proxy will not be required for the AGM and hence the proxy form and attendance slip are not annexed to this Notice. Also, the route map is not annexed to this Notice. However, in pursuance of Section 112 and Section 113 of the Act, representatives of the Members such as the President of India or the Governor of a State or Body Corporates is entitled to appoint authorised representative to attend the AGM through VC / OAVM and participate thereat and cast their votes through e-voting.

2. The Explanatory Statement pursuant to provision of Section 102 of the Act, Secretarial Standard – 2 on General Meetings and SEBI Listing Regulations in respect of the special businesses is annexed hereto.
3. Considering the on-going pandemic situation and in compliance with the MCA Circulars and SEBI Circulars dated May 12, 2020, read with SEBI circulars dated January 15, 2021, Notice of the AGM along with the Annual Report is being sent only through electronic mode to those Members whose email addresses are registered with the Company / DPs. Members may note that the Notice of AGM and the Annual Report of the Company for the year ended March 31, 2021 is uploaded on the Company's website on [www.lincolnpharma.com](http://www.lincolnpharma.com)

and may be accessed by the members and will also be available on the website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. Members who have not registered their email addresses are requested to register the same with the Company / RTA / respective depository participant(s) ("DPs").

4. The Register of Members and Share Transfer Book shall remain closed from Saturday, September 18, 2021 to Thursday, September 30, 2021 (both days inclusive) for the purpose of AGM and to determine the list of members entitled to receive dividend, if approved by the shareholders at the AGM. In view of the above book closure dates, the members holding shares as on September 17, 2021 will be entitled to receive the dividend.
5. Institutional / corporate shareholders (i.e. other than individual / HUF, NRI etc.) are required to send a scanned copy of board resolution / authorization letter for authorizing the representative to attend the AGM of the Company through VC / OAVM on its behalf and to cast their vote through remote e-voting. The said board resolution / authorization letter shall be sent to Parikh Dave & Associates, the Scrutinizer, appointed by the Board, by email on their registered email address to [evoting@parikhdave.com](mailto:evoting@parikhdave.com).
6. Members may note that the board of directors, at their meeting held on May 25, 2021 has recommended final dividend of ₹ 1.50/- per equity share (i.e. 15%) of ₹ 10/- each for the financial year ended on March 31, 2021. The members holding shares on record date i.e. the date prior to the commencement of the book closure, will only be entitled to receive the final dividend, if approved by the members at the AGM, for the financial year ended March 31, 2021 as per the (i) list of beneficial owners provided by the depositories in respect of shares held in demat form and (ii) Register of Members of the Company after giving effect to valid transmission / transposition in physical form lodged with the Link Intime India Private Limited, Registrar and Share Transfer Agent ("RTA") on or before the aforesaid date. The final dividend, once approved by the members at the AGM, will be paid within statutory time limit of 30 days, through direct credit to the bank account of members who have updated their bank account details either with the Company / RTA. For those members who have not updated their bank account details, company will send demand drafts / cheques to their registered

## NOTICE (Contd...)

addresses either available with Company or with the RTA by permitted mode. To avoid delay in receiving the dividend, members are requested to update their Know Your Client ("KYC") with their depositories (where shares are held in dematerialized mode) and with the RTA (where shares are held in physical mode) to receive the final dividend directly credit to their bank account.

7. Members may note that the Income Tax Act, 1961, ("the IT Act") as amended by the Finance Act, 2020, mandates that dividends paid / distributed by a company after April 01, 2020 shall be taxable in the hands of members. The Company shall therefore be required to deduct tax at source (TDS) at the time of making the payment of final dividend. In order to enable us to determine the appropriate TDS rate as applicable, members are requested to submit the following documents in accordance with the provisions of the IT Act. For resident shareholders, taxes shall be deducted at source under Section 194 of the IT Act as follows:

- Members having valid PAN – 10% or as notified by the Government of India
- Members not having PAN / valid PAN – 20% or as notified by the Government of India

However, no tax shall be deducted on the dividend payable to a resident individual if the total dividend to be received by them during financial year 2020-2021 does not exceed ₹ 5,000 (rupees five thousand) and also in cases where members provide Form 15G / Form 15H (applicable to individuals aged 60 years or more) subject to conditions specified under the IT Act. Resident shareholders may also submit any other document as prescribed under the IT Act to claim a lower / Nil withholding tax. Registered members may also submit any other document as prescribed under the IT Act to claim a lower/ Nil withholding tax. PAN is mandatory for members providing Form 15G /15H or any other document as mentioned above.

For non-resident shareholders, taxes are required to be withheld in accordance with the provisions of Section 195 and other applicable sections of the IT Act, at the rates in force. The withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) or as notified by the Government of India on the amount of dividend payable. However, as per Section 90 of the IT Act, non-resident shareholders have the option to be governed by the provisions of the double tax avoidance agreement (DTAA) between India and the country of tax residence

of the member, if they are more beneficial to them. For this purpose, i.e. to avail the benefits under the DTAA, non-resident shareholders will have to provide the following: Copy of the PAN card allotted by the Indian Income Tax authorities duly attested by the member Copy of Tax Residency Certificate (TRC) for the FY 2020-2021 obtained from the revenue authorities of the country of tax residence, duly attested by member Self declaration in Form 10F Self-declaration by the shareholder of having no permanent establishment in India in accordance with the applicable tax treaty Self-declaration of beneficial ownership by the non-resident shareholder Any other documents as prescribed under the IT Act for lower withholding of taxes if applicable, duly attested by member.

In case of Foreign Institutional Investors / Foreign Portfolio Investors, tax will be deducted under Section 196D of the IT Act @ 20% (plus applicable surcharge and cess).

The aforesaid documents such as Form 15G / 15H, documents under section 196, 197A, FPI Registration Certificate, Tax Residency Certificate, Lower Tax certificate etc. can be uploaded on the link <https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html> on or before September 10, 2021 to enable the Company to determine the appropriate TDS / withholding tax rate applicable. Any communication on the tax determination / deduction received post September 10, 2021 shall not be considered.

8. Members holding shares in physical form are requested to promptly notify in writing any change in their address, email address and file nomination in the prescribed Form SH-13 and for cancellation / variation in nomination in the prescribed Form SH-14 with the Company's RTA, as prescribed under Section 72 of the Act and rules made thereunder. In respect of shares held in demat form, the nomination form may be filed with the respective DPs.
9. 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 the PAN to their depository participant with whom they are maintaining their demat account(s). Members holding shares in physical form can submit their PAN details to the Company's RTA. As per Regulation 40 of SEBI Listing Regulations (as amended), requests for effecting transfer of securities, except in case of transmission



## NOTICE (Contd...)

or transposition of securities, shall not be processed effective from April 01, 2019 unless the securities are held in the dematerialized form. Hence, the Members holding equity shares of the Company in physical form are requested to take action to dematerialize the same promptly.

10. As required in terms of Secretarial Standard - 2 and SEBI Listing Regulations, the information (including profile and expertise in specific functional areas) pertaining to directors recommended for re-appointment in the AGM has been provided in the "Annexure" to the Notice. The Directors have furnished the requisite consent / declarations for their re-appointment as required under the Act, and the Rules thereunder.
11. All the relevant documents referred to in this Notice will be available for inspection in the electronic mode up to the date of AGM. Members seeking to inspect such documents can send the e-mail to investor@lincolnpharma.com by mentioning the details of Folio No. / Client ID - DP ID wherein the shares of the Company are held by the Member(s).
12. Members are requested to note that pursuant to the provisions of Section 124 of the Act, the dividend remaining unclaimed / unpaid for a period of seven years from the date it becomes due for payment shall be transferred to the Investor Education and Protection Fund (IEPF) set up by the Central Government. Those members who have not encashed their dividend warrants / cheques pertaining to the following financial years are requested to approach the Company for the payment thereof as the same will be transferred to the IEPF on the respective dates mentioned there against. Further, no claims will be entertained by the Company for any unclaimed / unpaid dividend transferred to IEPF thereafter. Pursuant to the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), the Company has uploaded the information in respect of the unclaimed / unpaid dividends on its website i.e. www.lincolnpharma.com and also on the website of the IEPF i.e. on www.iepf.gov.in. The unclaimed / unpaid dividends for the financial year 2013-2014 is due to be transferred to IEPF in the current financial year.

Financial year ended on	Date of declaration of dividend	Dividend payment %	Expected date of transfer of unpaid dividend to IEPF Account
March 31, 2014	September 30, 2014	6	December 06, 2021
March 31, 2015	September 30, 2015	10	November 07, 2022
March 31, 2016	September 30, 2016	10	November 06, 2023
March 31, 2017	September 29, 2017	12	November 05, 2024
March 31, 2018	September 29, 2018	15	November 05, 2025
March 31, 2019	September 30, 2019	15	November 06, 2026
March 31, 2020	February 27, 2020	@ 15	May 04, 2027

@ Interim Dividend

13. Pursuant to the provisions of Section 124 of the Act, read with Rule 6 of the IEPF Rules as amendments thereto, all shares in respect of which dividend has not been paid / claimed for seven consecutive years or more shall also be transferred to demat account of the IEPF Authority. The Company has intimated through letter to the concerned members regarding their equity shares including the unclaimed / unpaid dividend due for transfer during the current financial year and said details has been uploaded on the website of Company at www.lincolnpharma.com. The concerned members are requested to claim the same to avoid transfer of shares / dividend to IEPF Authority. No claim shall lie against the company after the shares are transferred to IEPF Authority. Upon transfer, the Members will be claim the said equity shares by following the requisite procedure with IEPF Authority, the details of which are also available at www.iepf.gov.in. Hence, it is in the Members' interest to claim any uncashed dividends and for future, opt for electronic credit of dividend, so that dividends paid by the company are credited to the Member's account on time.

## NOTICE (Contd...)

14. Process for those Members whose email ids are not registered with the Depositories or the Company for obtaining login credentials for e-voting:
  - **Members holding shares in physical form** may request for the same along with providing necessary details like Folio No., Name of Member, self-attested scan copy of PAN Card & Aadhaar Card by email to investor@lincolnpharma.com;
  - **Members holding shares in demat form** may request for the same along with providing demat account details (CDSL-16 digit beneficiary ID or NSDL-8 Character DPID + 8 Character Client ID), Name of Member, client master or copy of consolidated account statement, self-attested scan copy of PAN Card & Aadhaar Card by email to investor@lincolnpharma.com.
15. Process for updating of Email Ids / Mobile No of the members whose Email Ids / Mobile No. are not registered with the Company / Depositories:
  - **Members holding shares in physical form** – Update your Email Id and Mobile No by providing necessary details like Folio No., Name of member, self-attested scan copy of PAN card & Aadhaar card by email to investor@lincolnpharma.com.
  - **Members holding shares in demat form** – Update your Email Id & Mobile No. with your respective Depository Participant(s); for individual shareholders holding shares in demat form, updation of Email Id & Mobile No. are mandatory for e-voting and joining virtual meetings through depositories.
16. **General Instructions for accessing and participating at the AGM through Electronic Means (VC/OAVM):**
  - a) In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI Listing Regulations (as amended), and MCA Circulars, the Company is providing facility of remote e-voting to its members in respect of the business to be transacted at the AGM. For this purpose, the Company has availed the facility from Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting during the AGM will be provided by CDSL.
  - b) The Members can join the AGM by electronic means i.e. through VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the meeting by following the procedure as mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1,000 members on first come first served basis. This will not include large shareholders (holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit, Nomination and Remuneration and Stakeholders Relationship Committees, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
  - c) The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
  - d) Pursuant to MCA Circulars, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Act, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
17. **Instructions for remote e-voting and e-voting during AGM and joining meeting through VC / OAVM:**

Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 09, 2020, under Regulation 44 of the SEBI Listing Regulations, Listed companies are required to provide remote e-voting facility to its members, in respect of all members' resolutions. Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed companies in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the members.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided



## NOTICE (Contd...)

to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

The Company is pleased to provide remote e-voting facility through CDSL for the Members of the Company to enable them to cast their votes electronically on the resolutions mentioned in this Notice of AGM of the Company dated August 10, 2021.

- 1) The voting period begins on Monday, September 27, 2021 at 10:00 a.m. and ends on Wednesday, September 29, 2021 at 5:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) September 23, 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- 2) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- 3) Login method for e-Voting and joining VC / OAVM for individual shareholders holding securities in Demat mode:

Type of shareholders	Login Method
<b>Individual Shareholders holding securities in demat mode with CDSL</b>	<ul style="list-style-type: none"> <li>• Users of who have opted for CDSL's Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URLs for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="https://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System My easi.</li> <li>• After successful login the Easi / Easiest user will be able to see the e-Voting Menu. On clicking the e-voting menu, the user will be able to see his/her holdings along with links of the respective e-Voting service provider i.e. CDSL/ NSDL/ KARVY/ LINK INTIME as per information provided by Issuer / Company. Additionally, we are providing links to e-Voting Service Providers, so that the user can visit the e-Voting service providers' site directly.</li> <li>• If the user is not registered for Easi / Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/">https://web.cdslindia.com/myeasi/Registration/</a> Easi Registration</li> <li>• Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link in <a href="https://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP where the e-Voting is in progress during or before the AGM.</li> </ul>

## NOTICE (Contd...)

Type of shareholders	Login Method
<b>Individual Shareholders holding securities in demat mode with NSDL</b>	<ul style="list-style-type: none"> <li>If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. 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. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS" Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</li> </ul>
<b>Individual Shareholders (holding securities in demat mode) login through their Depository Participants</b>	<ul style="list-style-type: none"> <li>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider's website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ul>

**Important Note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.



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Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL:

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can 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

- 4) Login method for e-Voting and joining virtual meeting through VC / OAVM for shareholders other than individual shareholders & physical shareholders.
  - a) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - b) Click on "Shareholders" module.
  - c) Now enter your User ID
  - d) For CDSL: 16 digits beneficiary ID,
  - e) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - f) Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
  - g) Next enter the Image Verification as displayed and Click on Login.
  - h) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.

- i) If you are a first-time user follow the steps given below:

	For Shareholders holding shares in Demat Form other than individual and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- 5) After entering these details appropriately, click on "SUBMIT" tab.
- 6) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

## NOTICE (Contd...)

- 7) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- 8) Click on the EVSN for the relevant LINCOLN PHARMACEUTICALS LIMITED on which you choose to vote.
- 9) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- 10) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- 11) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- 12) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- 13) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- 14) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- 15) **Facility for Non – Individual Shareholders and Custodians –Remote E-Voting**
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - Alternatively Non Individual shareholders are required to send the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the scrutinizer on [evoting@parikh-dave.com](mailto:evoting@parikh-dave.com) and to the Company at [investor@lincolnpharma.com](mailto:investor@lincolnpharma.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

### 18. Instructions for attending the AGM through VC/OAVM & e-voting during meeting:

- 1) The procedure for attending the AGM & e-Voting on the day of the AGM are same as the instructions mentioned above for remote e-voting.
- 2) The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for remote e-voting.
- 3) Shareholders who have voted through remote e-voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
- 4) Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- 5) Further shareholders will be required to allow camera and use internet with a good speed to avoid any disturbance during the meeting.
- 6) Please note that participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable WI-FI or LAN connection to mitigate any kind of aforesaid glitches.



## NOTICE (Contd...)

- 7) Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 10 days prior to the AGM mentioning their name, demat account number/folio number, email id, mobile number at investor@lincolnpharma.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at investor@lincolnpharma.com. These queries will be replied to by the company suitably by email.
- 8) Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM.
- 9) Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM.
- 10) If any votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

### 19. Helpdesk for individual shareholders / institutional shareholders for remote e-voting, e-voting during the AGM and participating at AGM:

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

In addition, any query / grievance with respect to the voting by electronic means may please be addressed to Mr. Niren. A. Desai, Company Secretary of the Company shall be responsible for addressing all the grievances in relation to AGM including e-voting related queries. Further, contact details for query / grievance investor@lincolnpharma.com, Ph. No.: +91-79-4107-8000/81. Regd. Office Address: "LINCOLN HOUSE", Behind Satyam Complex, Science City Road, Sola, Ahmedabad, Gujarat – 380 060, India.

### 20. Other Instructions/information:

- a) The voting rights of the Members shall be in proportion of the shares held by them in paid-up equity share capital of the company as on the cut-off date i.e. September 23, 2021. A person who is not the Member as on cut-off date should treat this notice for information purpose only.
- b) Any person(s), who acquires shares of the Company i.e. becomes Member(s) after Notice is sent by the Company, and holds shares as of the cut-off date i.e. September 23, 2021 should follow the same procedure of e-voting as mentioned in this Notice. In case such Member(s) has not updated the respective PAN with the Company/DPs, the Member may approach the Company/RTA as per details provided in the Notice.
- c) Parikh Dave & Associates, Practicing Company Secretary, have been appointed as the Scrutinizer to scrutinize the e-voting process (including the e-voting during the AGM) in a fair and transparent manner.
- d) The Scrutinizer shall, within a period not exceeding two working days from the conclusion of AGM, unblock the votes in the presence of at least two witnesses (not in the employment of the Company) and a Scrutinizer's Report of the votes cast in the favor or against, if any, shall be submitted to the Chairman of the AGM or any person authorised by him, who shall counter sign the same. The result will be intimated to Stock Exchanges where the Company's securities are listed and displayed along with the Scrutinizer's Report on the Company's website (www.lincolnpharma.com). Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of AGM.

## NOTICE (Contd...)

- e) Members who are present at AGM through VC/OAVM and have not used the facility of remote e-voting during the e-voting as stated above to cast their votes on the resolution(s) mentioned in this Notice, and are otherwise not barred from doing so, shall be provided e-voting facility during the AGM. Members can opt for only one mode of voting i.e. either through remote e-voting during e-voting period before the AGM date or e-voting during the AGM subject to the Member(s) joining the AGM through VC/OAVM.

### CONTACT DETAILS:

<b>Name of Company</b>	Lincoln Pharmaceuticals Limited
<b>Registrar and Transfer Agent (RTA)</b>	Link Intime India Private Limited <b>Address:</b> 5 <sup>th</sup> Floors, 506-508, Amarnath Business Centre-1, Beside Gala Business Centre, Near St. Xavier's Collage Corner, Off C. G. Road, Navrangpura, Ahmedabad, Gujarat – 380009. <b>Ph. No.:</b> +91-79-2646-5179/3000-2684, <b>Email ID:</b> ahmedabad@linkintime.co.in, <b>Website:</b> https://instavote.linkintime.co.in
<b>Scrutinizer</b>	Parikh Dave & Associates, Practicing Company Secretary, Email ID: evoting@parikhdave.com
<b>E-Voting Agency</b>	Central Depository Services (India) Limited Email ID:helpdesk.evoting@cdslindia.com

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

#### Item No. 5:

The Company is inter-alia, engaged in the business of manufacturing, marketing and distribution of pharmaceutical products. The Company in the ordinary course of its business is entering into transaction relating to sale / purchase of various goods/materials, job-works and availing of services with the below mentioned related parties within the meaning of Section 2(76) of the Act and Regulation 23 of SEBI Listing Regulations.

- 1) Lincoln Parenteral Limited, Subsidiary Company,
- 2) Zullinc Healthcare LLP, Wholly Owned Subsidiary,
- 3) Sunmed Corporation LLP,
- 4) Shree Corporation.

The transactions with the aforesaid related parties are entered into in the ordinary course of business and on arm's length price. Prior approval of Audit Committee is also obtained for entering into said transactions. However, for abundant caution and as a good corporate practice, your directors thought it fit to get the approval of members for entering into below mentioned transactions with the related parties.

Details of transactions relating to sale/purchase of goods, materials, availing of services and job-works with the above mentioned related parties for period of three years with effect from October 01, 2021 will be on following terms and conditions:

### The particulars of the contracts/arrangements/transactions are as under:

Name of Related Party	Name of Directors or KMPs who is / are related	Nature of relationship	Nature of contracts/ arrangements / transactions	Material terms of the contracts / arrangements / transactions	Monetary Value
Lincoln Parenteral Limited	Mr. Arvind G. Patel and Mr. Niren A. Desai	Subsidiary Company	sale / purchase of goods, materials and job work	At prevailing prices on arm's length basis and on Industry practice terms.	F.Y. 2021-2022: ₹ 25 Cr. F.Y. 2022-2023: ₹ 30 Cr. F.Y. 2023-2024: ₹ 35 Cr.
Zullinc Healthcare LLP	Mr. Mahendra M. Patel and Mr. Hasmukh I. Patel	Wholly owned Subsidiary	sale / purchase of goods, materials and job work	At prevailing prices on arm's length basis and on industry practice terms.	F.Y. 2021-2022: ₹ 20 Cr. F.Y. 2022-2023: ₹ 25 Cr. F.Y. 2023-2024: ₹ 30 Cr.
Sunmed Corporation LLP	Mr. Munjal M. Patel	Entity with Common Director	sale / purchase of goods, materials and job work	At prevailing prices on arm's length basis and on Industry practice terms.	F.Y. 2021-2022: ₹ 10 Cr. F.Y. 2022-2023: ₹ 15 Cr. F.Y. 2023-2024: ₹ 20 Cr.
Shree Corporation	Mr. Mahendra G. Patel and Mr. Munjal M. Patel	Entity with Common Director	Sale / purchase of goods, materials and availing / providing of services	At prevailing prices on arm's length basis and on Industry practice terms.	F.Y. 2021-2022: ₹ 15 Cr. F.Y. 2022-2023: ₹ 18 Cr. F.Y. 2023-2024: ₹ 20 Cr.



## NOTICE (Contd...)

Pursuant to the provisions of Section 188 of the Act read with the relevant Rules framed thereunder and Regulation 23 of SEBI Listing Regulations approval of the members is being sought for entering into transactions with related parties as defined in Section 2 (76) of the Act, as explained above.

In view of the above, your directors recommend passing of the proposed resolution.

Except, Mr. Mahendra G. Patel, Managing Director, Mr. Hashmukh I. Patel and Mr. Munjal M. Patel, Whole Time Directors, Mr. Arvind G. Patel, Director and Mr. Niren A. Desai, Company Secretary along with their relatives none of the other Directors and Key Managerial Personnel along with their relatives are interested financially or otherwise in the proposed resolution.

The proposed resolution does not relate to or affect any other company.

### Item No. 6:

The Board of Directors on the recommendation of the Audit Committee, has appointed M/s. Kiran J. Mehta & Co., Cost Accountants [FRN No.: 000025], Ahmedabad to conduct the audit of cost records relating to the products, manufactured by the Company for the financial year ending on March 31, 2022 at a remuneration as mentioned in the resolution attached to the Notice.

As per the provisions of section 148 (3) of the Act read with Rule 14 of The Companies (Audit and Auditors) Rules, 2014, the remuneration fixed by the Board of Directors is to be ratified by the Members of the Company.

Accordingly, consent of the Members of the Company is sought for ratification of remuneration payable to the Cost Auditors for the financial year ending on March 31, 2022.

Your Directors recommend passing of the proposed resolution.

None of the Directors, Key Managerial Personnel of the Company, and/or their relatives are in any way concerned or interested financially or otherwise in the proposed resolution.

**By Order of the Board  
For Lincoln Pharmaceuticals Limited**

**Niren. A. Desai  
Company Secretary  
Membership No. A60285**

**Ahmedabad, August 10, 2021**

### Registered Office:

"LINCOLN HOUSE", Behind Satyam Complex,  
Science City Road, Sola, Ahmedabad,  
Gujarat – 380 060, India.

### ANNEXURE TO THE NOTICE:

**Information on Directors being appointed / re-appointed as required under Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards-2 on General Meetings:**

Name of Directors	Mr. Hashmukh I. Patel	Mr. Munjal M. Patel
DIN	00104834	02319308
Date of Birth	December 08, 1958	June 26, 1982
Date of Appointment on the Board	January 20, 1995	November 14, 2014
Qualification	B. Sc	M B A- Finance & PGDIFA
Remuneration last drawn	₹ 27.85 Lakhs	₹ 25.21 Lakhs
Nature of expertise in specific functional areas	Marketing & Sales	International Trade & Financial Matters
Relationship with other Directors, Manager and other Key Managerial Personnel	None	Mr. Munjal M. Patel is son of Mr. Mahendra G. Patel
Directorship held in other Public Companies	None	Karnavati Distributors Ltd & Kapashi Commercial Ltd
Chairmanship / Membership of Committee in other Companies, if any	None	None
No. of Shares held in the Company as on March 31, 2021	3,73,600	14,25,500

## DIRECTORS' REPORT

To,  
The Members,

Your Directors are pleased to present the 27<sup>th</sup> (Twenty Seventh) Annual Report of the Lincoln Pharmaceuticals Limited ("the Company" or "LPL") together with the audited financial statements for the financial year ended March 31, 2021.

In compliance with the applicable provisions of Companies Act, 2013, (including any statutory modification(s) or re-enactment(s) thereof, for time being in force) ("the Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), this report covers the financial results and other developments during the financial year ended March 31, 2021, in respect of LPL.

### FINANCIAL AND OPERATIONAL HIGHLIGHTS:

The financial performance of the company for the financial year ended March 31, 2021 are summarised below:-

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Revenue from Operations	41,305.52	37,608.83	42,418.55	38,649.05
Other income	676.61	1,213.09	566.39	1,104.02
<b>Total Income</b>	<b>41,982.13</b>	<b>38,821.92</b>	<b>42,984.94</b>	<b>39,753.07</b>
Profit before Depreciation, Finance Costs and Taxation	8,811.61	7,149.96	9,284.27	7,657.64
Less: Depreciation	(566.59)	(546.94)	(756.03)	(732.62)
Less: Finance Cost	(143.78)	(198.36)	(156.19)	(201.76)
<b>Profit before Taxation</b>	<b>8,101.24</b>	<b>6,404.66</b>	<b>8,372.05</b>	<b>6,723.26</b>
Less: Tax Expenses	(2,060.63)	(1,448.30)	(2,147.08)	(1,576.61)
<b>Profit after Tax</b>	<b>6,040.61</b>	<b>4,956.36</b>	<b>6,224.97</b>	<b>5,146.65</b>
Other Comprehensive Income	5.21	(43.94)	1.91	(46.18)
<b>Total comprehensive income for the year</b>	<b>6,045.82</b>	<b>4,912.42</b>	<b>6,226.88</b>	<b>5,099.98</b>

### CoVID-19:

The outbreak of corona virus (CoVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Company is engaged in the business of manufacturing and developing affordable and innovative medicines for healthier lives. Company is working relentlessly to minimize disruptions in the production and supply schedules to serve the society in this unprecedented pandemic situation, therefore, impact on the company's operations and revenue have not been materially impacted so far due to CoVID-19.

Further the substantive economic package announced by Prime Minister recently could revive the downturn in economy to a great extent. The CoVID – 19 impact remains a serious concern for governments and industries. The Company has implemented standard operating procedures of maintaining social distancing norms, workplace sanitisation and employee health monitoring, and these are being followed

strictly at manufacturing location and its registered office. Company has also taken various initiatives focusing on safeguarding workforce health.

### STATE OF COMPANY'S AFFAIRS / OPERATIONS:

The Highlights of the company's performance (standalone) for the year ended March 31, 2021 are as under:

The Company reports 9.83% rise in the revenue from operations of ₹ 41,305.52 Lakhs (Domestic ₹ 15,568.29 Lakhs and Exports ₹ 25,737.23 Lakhs) as against ₹ 37,608.83 Lakhs (Domestic ₹ 15,908.41 Lakhs and Exports ₹ 21,700.42 Lakhs) in the previous year. EBITDA for the year was ₹ 8,811.61 Lakhs (increase 23.24%) as against ₹ 7,149.96 Lakhs in the previous year. The profit after tax has increased to ₹ 6,040.61 Lakhs on a standalone basis as against profit after tax of ₹ 4,956.36 Lakhs in previous year representing growth rate of 21.88% during the financial year ended March 31, 2021. EPS for the year was ₹ 30.20 (increase 21.88%) per share as compared to ₹ 24.78 in the previous year. Detailed working on operation of



## DIRECTORS' REPORT (Contd...)

the Company as provided in the management discussion and analysis report as forms part of these Annual Report.

The Company continues with its rigorous cost-optimization initiatives and efficiency improvements, which have resulted in significant savings through continued focus on cost controls, process efficiencies and product / formulation innovations that exceed ultimate consumer expectations in all areas, enabling the Company to maintain profitable growth in the healthy economic scenario.

### CONSOLIDATED FINANCIAL STATEMENTS:

In accordance with the provisions of the section 133 of the Act and the SEBI Listing Regulations read with IND AS – 110 – consolidated financial statement, the consolidated audited financial statement for the financial year ended March 31, 2021 forms part of these annual report.

### CREDIT RATING:

The Company's financial discipline and prudence is reflected in the strong credit ratings ascribed by rating agency. The details of credit ratings for long term bank loan facilities and short term bank loan facilities have been upgraded to ICRA A, outlook stable and ICRA A1 respectively.

### DIVIDEND AND RESERVES:

Your company has an uninterrupted dividend payment history and considering the financial performance for the financial year ended March 31, 2021, The Board of Directors has recommended a dividend of ₹ 1.50/- (Rupees one and fifty paise only) per equity share of face value of ₹ 10/- each (i.e. 15%) for the financial year ended March 31, 2021 [Previous Year, directors have approved and declared interim dividend of ₹ 1.50 (Rupees one and fifty paise only) per equity share (i.e. 15%)]. Dividend is subject to approval of members at the ensuing annual general meeting ("AGM") and shall be subject to deduction of income tax at source.

Regulation 43A of the SEBI Listing Regulations as amended by the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, makes it mandatory for the top one thousand listed entities based on market capitalization (calculated as on March 31 of immediate previous financial year) shall formulate a dividend distribution policy. In compliance with the provisions of Regulation 43A of the SEBI Listing Regulations, the Board of Directors of the Company at its meeting held on May 25, 2021, has approved and adopted the dividend distribution

policy of the Company. The policy inter alia, lays down various parameters relating to declaration / recommendation of dividend. The dividend distribution policy of the company is available on the website of Company and can be accessed at [www.lincolnpharma.com](http://www.lincolnpharma.com).

During the year under review, your company has transferred a sum of ₹ 50.00 Lakhs to the general reserve out of the amount available for appropriation for the financial year ended March 31, 2021 (Previous Year transferred a sum of ₹ 50.00 Lakhs was transferred to general reserve).

### TRANSFER OF UNCLAIMED DIVIDEND TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF):

In accordance with the provisions of sections 124 and 125 of the Act and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividends of the company which remain unpaid or unclaimed for a period consecutive seven years from the date of transfer to the unpaid dividend account shall be transferred by the company to the Investor Education and Protection Fund ("IEPF").

In terms of the foregoing provisions of the Act, the company will transfer outstanding unpaid or unclaimed dividend and corresponding shares for the financial year 2013-2014 to the IEPF authorities during the year under review.

### CHANGE IN SHARE CAPITAL:

During the year under review, the Company has not altered / modified the authorised share capital of the Company. The paid-up share capital of the company as on March 31, 2021 was ₹ 20,00,00,000/- divided into 2,00,00,000 equity shares of ₹ 10/- each fully paid up and there has been no change in the capital structure of the Company.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL:

#### 1. Appointment / Re-Appointment:

In accordance with the provisions of Section 152 of the Act and the rules framed there under, Mr. Hashmukh I. Patel and Mr. Munjal M. Patel, Whole Time Directors of the Company retire by rotation at the ensuing AGM and they being eligible offer themselves for re-appointment. The board recommends their re-appointment.

#### 2. Key Managerial Personnel:

During the year under review, there is no change in the key managerial personnel of the company. In terms of

## DIRECTORS' REPORT (Contd...)

Sections 203 of the Act, the key managerial personnel of the Company are:-

- |    |                       |   |  |
|----|-----------------------|---|--|
| 1. | Mr. Mahendra G. Patel | - | Managing Director                      |
| 2. | Mr. Darshit A. Shah   | - | Chief Financial Officer                |
| 3. | Mr. Niren A. Desai    | - | Company Secretary & Compliance Officer |

### DECLARATION GIVEN BY INDEPENDENT DIRECTORS:

The Company has received the necessary declarations from all the independent directors of the Company in accordance with the Section 149 (7) of the Act and Regulation 16 (1) (b) and 25 (8) of the SEBI Listing Regulations confirming that they meet the criteria of independence prescribed under the Act and the SEBI Listing Regulations and they have registered their names in the independent directors' databank.

In the opinion of the board, there has been no change in the circumstances which may affect their status as independent directors and the board is satisfied of the integrity, expertise and experience (including proficiency in terms of Section 150 (1) of the Act and applicable rules thereunder) to all independent directors on the board.

### PERFORMANCE EVALUATION OF THE BOARD AS WHOLE, COMMITTEE AND INDIVIDUAL DIRECTORS:

Pursuant to the provisions of the Act, and the SEBI Listing Regulations, the Board has carried out an annual evaluation of its own performance and that of its Committees as well as performance of the Directors individually. Feedback was sought by way of a structured questionnaire covering various aspects of the board's functioning such as adequacy of the composition of the board and its committees, board culture, execution and performance of specific duties, obligations and governance and the evaluation was carried out based on responses received from the directors.

The evaluation is performed by the board, nomination and remuneration committee and independent directors with specific focus on the performance and effective functioning of the Board and individual directors. In line with SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2017/004, dated January 5, 2017, the Company adopted the criteria recommended by the SEBI. The performance evaluation of the chairman and non-independent directors was also carried out by the independent directors. The performance of the directors, the board as a whole and committee of the board were found to be satisfactory.

### CHANGE(S) IN THE NATURE OF BUSINESS:

During the financial year ended March 31, 2021, there has been no change in the Company's nature of business.

### POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION:

Pursuant to the requirements of Section 134 and 178 (3) of the Act, a nomination and remuneration committee formulated and adopted policy on appointment and remuneration of directors, key managerial personnel and senior management of the Company. The said policy is also available on the website of the Company and can be accessed at [www.lincolnpharma.com/wp-content/uploads/2014/11/Nomination-and-Remuneration-Policy.pdf](http://www.lincolnpharma.com/wp-content/uploads/2014/11/Nomination-and-Remuneration-Policy.pdf).

### DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provision of Section 134 (3) (c) of the Act, the directors state that:

- in the preparation of the annual accounts for the year ended March 31, 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on March 31, 2021 and of the profit of the Company for the year under review;
- the directors 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;
- the annual accounts have been prepared on a going concern basis;
- the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



## DIRECTORS' REPORT (Contd...)

### NUMBER OF MEETINGS OF THE BOARD:

The board evaluates all the decisions on a collective consensus. The details of the number of meetings of the board of directors held during the financial year ended March 31, 2021 and the attendance of the directors have been furnished in the corporate governance report forming a part of these annual report.

### SECRETARIAL STANDARDS:

The Company has followed the applicable secretarial standards issued by the Institute of Company Secretaries of India (ICSI).

### INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY:

The corporate governance guide the conduct of affairs of your Company and clearly delineates the roles, responsibilities and authorities at each level of its governance structure and key functionaries involved in governance. The code of conduct for senior management and employees of your Company (the Code of Conduct) commits management to financial and accounting policies, systems and processes. The corporate governance and the code of conduct stand widely communicated across your Company at all times. Your Company's financial statements are prepared on the basis of the significant accounting policies that are carefully selected by management and approved by the audit committee and the board. These accounting policies are reviewed and updated from time to time.

Your Company has in place adequate internal financial controls with reference to the financial statements commensurate with the size, scale and complexity of its operations. The Board of Directors of the Company are responsible for ensuring that internal financial controls have been laid down in the Company and such controls are adequate and operating effectively. The board has adopted the policies and procedures 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 disclosures etc. Systems and procedures are periodically reviewed to keep pace with the growing size and complexity of your company's operations.

### MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

There are no material changes and commitments affecting the financial position of the Company which occurred

between the financial year ended March 31, 2021 to which the financial statements relates and the date of signing of this report.

### DEPOSITS:

The Company has not accepted any deposits from the public in terms of Section 73 and 74 and Chapter V of the Act read with the Companies (Acceptance of Deposits) Rules, 2014. Hence, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

Pursuant to provision of the Section 186 of the Act, Company have not given any guarantee or provided any security during the year under review. The details of loans and investment have been disclosed in notes to the financial statements.

### SUBSIDIARY COMPANIES:

As per the provisions of Section 129 of the Act, read with Rule 5 of Companies (Accounts) Rules, 2014, a separate statement containing the salient features of the financial statements of the subsidiary companies / associate companies / joint ventures is provided in Form AOC – 1 as forms part of this directors' report (**Annexure – 1**). The audited financial statements of subsidiaries are available on the website of the Company and can be accessed at [www.lincolnpharma.com](http://www.lincolnpharma.com).

- During the year under review, Savebux Enterprises Private Limited, wholly owned subsidiary of the company has received an order from Hon'ble NCLT for dissolution of the Company on March 26, 2021 under Section 59 of the Insolvency and Bankruptcy Code, 2016. Accordingly, the said Company stands dissolved w.e.f. March 03, 2021 i.e. the date of passing of the order.
- During the year under review, the Company has filled petition with Hon'ble National Company Law Tribunal (NCLT), Ahmedabad Bench for approve of the scheme of amalgamation of Lincoln Parenteral Limited ("Transferor Company") with Lincoln Pharmaceuticals Limited ("Transferee Company") and their respective Shareholders and Creditors, the matter is being under consideration and hearing is pending before the NCLT.

### INSURANCE:

The Company has taken adequate insurance to cover the risks to its employees, property (land and buildings), plant, equipment and other assets.

## DIRECTORS' REPORT (Contd...)

### RISK MANAGEMENT POLICY:

Pursuant to Section 134 (3) (n) of the Act and regulation 17 (9) of SEBI Listing Regulations, the Company have already formulated and adopted a risk management policy. By the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, the board of directors of top one thousand listed entities based on their market capitalization (calculated as on March 31 of immediate previous financial year) have constitute a risk management committee, therefore, the board of directors of the Company shall constituted the risk management committee at its meeting held on May 25, 2021 and subsequently reviewed the existing policy and suitably changed as per the criteria given under SEBI Listing Regulations which articulates the Company's approach to address the uncertainties in its endeavor to achieve its stated and implicit objectives. The committee is responsible for assisting the board in understanding existing risks and reviewing the mitigation and elimination plans for those. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. It identifies key risk areas, periodically reviews the risk management plan and ensures its effectiveness. The audit committee is also looking after the area of financial risks and controls. The said policy and constitution of the committee is available on the website of Company and can be accessed at [www.lincolnpharma.com](http://www.lincolnpharma.com).

### RELATED PARTY TRANSACTIONS:

All contracts / arrangements / transactions entered by the Company during the financial year financial year ended March 31, 2021 with the related parties were in ordinary course of business and on arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions or which is required to be reported in Form No. AOC – 2 in terms of Section 134 (3) (h) read with Section 188 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014. The details of the related party transactions as per Indian Accounting Standards (IND AS) - 24 are set out in the Notes to financial statements of the Company.

There were no materially significant related party transactions which could have potential conflict with the interests of the Company at large. Members may refer the financial statement which sets out related party disclosures pursuant to IND AS.

In terms of Regulation 23 of the SEBI Listing Regulations, the Company have submitted within 30 days from the date of publication of its financial results (standalone and consolidated) for the each half year, disclosures of related party transactions on a consolidated basis, in the format as specified under the relevant accounting standards with the stock exchanges.

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 website of the Company and can be accessed at [www.lincolnpharma.com](http://www.lincolnpharma.com).

### CORPORATE SOCIAL RESPONSIBILITY (CSR):

Over the past decade, the company has focused on several corporate social responsibility programs to drive positive and sustainable change in building resilient communities. During the year, the Company spent ₹ 1.11 crores (Rupees one crore eleven lakhs) on CSR activities. Corporate Social Responsibility reflects the strong commitment of the Company to improve the quality of life of the workforce and their families and also the community and society at large. The Company believes in undertaking business in a way that will lead to overall development of all stakeholders and society. Further, the Company has continued on spending in projects like eradicating hunger, preventive healthcare, women empowerment, girls education, etc. which is in accordance with the provisions of Schedule VII of the Act and the CSR Policy of the Company.

In accordance with Section 135 of the Act and Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 the report on CSR activities along with its annexure as forms part of this directors' report (**Annexure – 2**).

### HUMAN RESOURCES DEVELOPMENT:

The management believes that competent and committed human resources are vitally important to attain success in the organization. In line with this philosophy, utmost care is being exercised to attract quality resources and suitable training is imparted on various skillsets and behavior. It is always proactive with respect to the human resource development activities. A significant effort has also been undertaken to develop leadership as well as technical / functional capabilities in order to meet future talent requirement.

### VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Board of Directors of the Company has formulated a comprehensive vigil mechanism / whistle blower policy in line with the provisions of Section 177 (9) and Section 177 (10)

## DIRECTORS' REPORT (Contd...)

of the Act, read with Rule 7 of The Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of SEBI Listing Regulations, for directors, employees or business associates for reporting the unethical behavior, malpractices, wrongful conduct, frauds, violations of the Company's code etc. to the chairman of the audit committee. The mechanism also lays emphasis on making enquiry into whistle-blower complaint received by the Company. The Policy also provides for adequate safeguard against victimization of the directors' / employees who avail the services of said mechanism. The said policy is available on the website of the Company and can be accessed at [www.lincolnpharma.com](http://www.lincolnpharma.com).

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

In accordance with the requirements of the sexual harassment of women at workplace (prevention, prohibition & redressal) Act, 2013 ("POSH Act") and Rules made thereunder, the Company has formulated and implemented a policy which mandates no tolerance against any conduct amounting to sexual harassment of women at workplace. During the year under review, the Company has not received any complaint under the policy. The Company has many systems, processes and policies to ensure professional ethics and harmonious working environment. The policy aims the protection of the women employees at work place and providing the safe working environment where women feels secure. Training / awareness programs are conducted throughout the year to create sensitivity towards ensuring respectable workplace.

### **PARTICULARS OF EMPLOYEES:**

Disclosures pertaining to remuneration and other details as required under Section 197 (12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as forms part of this directors' report (**Annexure – 3**). In accordance with the provisions of Sections 197 and 136 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the list pertaining to the names and other particulars of employees drawing remuneration in excess of the limits set out in the aforesaid Rules, is kept open for inspection during working hours at the registered office of the Company and the report & accounts as set out therein are being sent to all the members of the Company. Any Member, who is interested in obtaining these, may write to the company secretary at the registered office of the Company.

### **AUDITORS AND AUDITORS' REPORT:**

#### **1. STATUTORY AUDITORS:**

Messrs J. T. Shah & Co., Chartered Accountants [ICAI FRN: 109616W], were appointed as the statutory auditors of the Company to hold office for a period of five years from conclusion of the twenty – third AGM til the conclusion of the twenty-eight AGM of the Company to be held in the year 2022.

Accordingly, Messrs J. T. Shah & Co., Chartered Accountants, Statutory Auditors of the Company will continue till the conclusion of twenty – eight AGM. In this regard, the Company has received a certificate from the auditors to the effect that their continuation as statutory auditors, would be in accordance with the provisions of Section 141 of the Act.

The auditors' report are with unmodified opinion i.e. it does not contain any qualification, reservation or adverse remark or disclaimer for the financial year ended March 31, 2021.

#### **2. COST AUDITOR:**

The board of directors on the recommendation of the audit committee, appointed Messrs Kiran J. Mehta & Co., cost accountants (Firm Registration Number 000025), as the cost auditors of the Company to audit the cost records for the financial year ended on March 31, 2022 as per Section 148 of the Act. Messrs Kiran J. Mehta & Co., cost accountants have confirmed that their appointment is within the limits of Section 141 (3) (g) of the Act and have also certified that they are free from any disqualifications specified under Section 141 (3) and proviso to Section 148 (3) read with Section 141 (4) of the Act.

As per the provisions of the Act, the remuneration payable to the cost auditor is required to be placed before the members in a general meeting for their ratification. Accordingly, a resolution seeking members' ratification for the remuneration payable to Messrs Kiran J. Mehta & Co., cost auditors forms part of the notice convening the AGM.

#### **3. SECRETARIAL AUDITOR:**

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the board of directors have appointed Messrs Vishwas Sharma &



## DIRECTORS' REPORT (Contd...)

Associates, Practicing Company Secretaries (Certificate of Practice Number: 16942) to undertake the secretarial audit of the Company for the financial year ended March 31, 2021. The secretarial auditors report issued by Messrs Vishwas Sharma & Associates, Practicing Company Secretaries in Form MR – 3 as forms part of this directors' report (**Annexure – 4**).

The Secretarial Auditors Report does not contain any qualifications, reservation or adverse remarks or disclaimer.

**a) SECRETARIAL AUDIT OF MATERIAL UNLISTED INDIAN SUBSIDIARIES:**

Regulation 24A of the SEBI Listing Regulations requires to undertake and carried out secretarial audit of material unlisted Indian subsidiary i.e. Lincoln Parenteral Limited (LPPL) of the company. The secretarial audit report of LPPL have been issued by Messrs Vishwas Sharma & Associates, Practicing Company Secretaries which does not contain any qualification, reservation or adverse remark or disclaimer.

**b) ANNUAL SECRETARIAL COMPLIANCE REPORT:**

Pursuant to SEBI Circular CIR/CFD/CMD1/27/2019 dated February 08, 2019, Company has undertaken an audit for the financial year ended March 31, 2021 for all applicable SEBI Regulations and circulars / guidelines issued thereunder. The annual secretarial compliance report issued by Messrs Vishwas Sharma & Associates, Practicing Company Secretaries have been submitted to the stock exchanges within prescribed time limit and same as forms part of this directors' report (**Annexure – 4A**).

### REPORTING OF FRAUDS BY AUDITORS:

During the year under review, the statutory auditors, cost auditors and secretarial auditor have not reported any instances of frauds committed in the Company by its officers or employees to the audit committee under Section 143 (12) of the Act.

### MAINTENANCE OF COST RECORDS SPECIFIED BY THE CENTRAL GOVERNMENT UNDER SECTION 148 OF THE ACT:

Pursuant to Section 148 (1) of the Act, read with the Companies (Cost Records and Audit) (Amendment) Rules, 2014, the cost audit records maintained by the Company in respect of drug and pharmaceuticals products of the

Company are required to be audited by a cost accountant. The audit report of the cost accountant of the Company for the financial year ended March 31, 2021 will be submitted to the relevant authority in due course.

### THE DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016:

During the financial year ended on March 31, 2021, There is no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) against the Company.

### THE DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF:

Not applicable during the year under review.

### BUSINESS RESPONSIBILITY REPORT:

Pursuant to the Regulation 34 (2) (f) of the SEBI Listing Regulations, the Business Responsibility Report (BRR) of the Company for the year ended March 31, 2021 forms part of this directors' report (**Annexure - 5**).

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

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134 (3) (m) of the Act read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 forms a part of this Report which as forms part of this directors' report (**Annexure – 6**).

### PROHIBITION OF INSIDER TRADING:

In terms of the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended ("SEBI PIT Regulations"), the Company has adopted the revised "Code of Conduct to Regulate, Monitor and Report Trading by Insiders" ("the Code"). The Code is applicable to promoters, all directors, designated persons and connected persons and their immediate relatives, who are expected to have access to unpublished price sensitive information relating to the Company. The Company has also formulated a 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)' in compliance with the PIT Regulations. The aforesaid codes are available on the website of the Company and can be accessed at [www.lincolnpharma.com](http://www.lincolnpharma.com).

## DIRECTORS' REPORT (Contd...)

### ANNUAL RETURN:

Pursuant to provision of Section 92 (3) read with Section 134 (3) (a) of the Act, the annual return as on March 31, 2021 is available on the website of the Company and can be accessed at [www.lincolnpharma.com](http://www.lincolnpharma.com).

### MANAGEMENT DISCUSSION & ANALYSIS REPORT:

Pursuant to Regulation 34 (2) of SEBI Listing Regulations, a management discussion and analysis report as forms part of these annual report.

### CORPORATE GOVERNANCE REPORT:

The Company has a rich legacy of ethical governance practices and committed to implement sound corporate governance practices with a view to bring about transparency in its operations and maximize shareholder value. A report on corporate governance along with a certificate from the practicing company secretary regarding compliance with the conditions of corporate governance as stipulated under Schedule V of the SEBI Listing Regulations as forms part of this directors' report (**Annexure – 7**).

### AUDIT COMMITTEE:

The details pertaining to the composition of the audit committee are given in the report on corporate governance forming part of this Report. Further, all the recommendations made by the audit committee were accepted by the Board.

### SIGNIFICANT OR MATERIAL ORDER PASSED BY THE REGULATORS OR COURTS:

There are no significant and material orders passed during the year by the regulators or courts or tribunals impacting the going concern status and operations of the Company in future.

### CAUTIONARY STATEMENT:

The annual report including those which relate to the directors' report, management discussion and analysis report may contain certain statements on the Company's intent expectations or forecasts that appear to be forward-looking within the meaning of applicable securities laws and regulations while actual outcomes may differ materially from what is expressed herein. The Company bears no obligations to update any such forward looking statement. Some of the factors that could affect the Company's performance could be the demand and supply for Company's product and services, changes in government regulations, tax laws, forex volatility etc.

### ACKNOWLEDGEMENTS:

The board of directors wish to place on record its deep sense of appreciation for the committed services by all the employees in unprecedented pandemic situation. Further, we would also like to express their sincere appreciation for the assistance and co-operation received from the banks, government and regulatory authorities, stock exchanges, vendors, members.

### FOR AND ON BEHALF OF THE BOARD FOR LINCOLN PHARMACEUTICALS LIMITED

**M. G. PATEL**  
MANAGING DIRECTOR  
DIN: 00104706

**H. I. PATEL**  
WHOLE-TIME DIRECTOR  
DIN: 00104834

**AHMEDABAD, MAY 25, 2021**

## DIRECTORS' REPORT (Contd...)

### ANNEXURE - 1 TO THE DIRECTORS' REPORT

#### FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statements of subsidiaries / associate companies / joint ventures as included in the Consolidated Financial Statements**

#### Part "A": Subsidiaries (as per section 2 (87) of the Act)

(₹ In Lakhs)

Particulars	Details	Details
Name of the Subsidiaries	Zullinc Healthcare LLP (Wholly-Owned Subsidiary)	Lincoln Parenteral Limited (Subsidiary Company)
The date since when subsidiary was acquired.	October 16, 2008	December 06, 2011
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 1, 2020 to March 31, 2021	April 1, 2020 to March 31, 2021
Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	N.A.	N.A.
Share Capital / Partners Contribution	5.00	1,000.00
Reserves and Surplus	117.26	1,712.40
Total Assets	856.27	5,140.11
Total Liabilities	734.27	2,427.71
Investments	0.00	0.22
Turnover	165.35	4,464.04
Profit Before Taxation	12.89	265.87
Provision for Taxation	4.97	81.48
Profit After Taxation	7.92	184.39
Proposed Dividend	0.00	0.00
% of shareholding	100%	98.58%

#### Notes:

- There is no subsidiary which is yet to commence its operation.
- During the year under review, Savebux Enterprises Private Limited, Wholly-Owned Subsidiary of the company has received an order from Hon'ble NCLT for dissolution of the Company on March 26, 2021 under Section 59 of the Insolvency and bankruptcy Code 2016. Accordingly, the said Company stands dissolved w.e.f. March 03, 2021 i.e. the date of passing of the order.
- The amounts given in the table above are from the annual accounts made for the respective financial year end for each of the company.

#### Part "B": Associates / Joint Ventures (as per Section 2(6) of the Act) – None

As per our report of even date attached herewith.  
For, J. T. Shah & Co  
Chartered Accountants  
(Firm Regd. No.109616W)

[J. J. Shah]  
Partner  
(M.No. 045669)

Place : Ahmedabad  
Date: 25/05/2021

For and on behalf of the Board of Directors of  
Lincoln Pharmaceuticals Limited

(Mahendra G. Patel)  
(Managing Director)  
(DIN : 00104706)

(Darshit A. Shah)  
(Chief Financial Officer)

Place: Ahmedabad  
Date: 25/05/2021

(Hashmukh I. Patel)  
(Whole Time Director)  
(DIN : 00104834)

(Niren A. Desai)  
(Company Secretary)  
(M. No. A60285)



## DIRECTORS' REPORT (Contd...)

### ANNEXURE - 2 TO THE DIRECTORS' REPORT

#### REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

##### 1. Brief outline on CSR Policy of the Company.

Company focus on areas like providing education, imparting skills, promoting entrepreneurship and employment. It seeks to help people and communities bridge the opportunity gap. The Company also supports health, wellness, water, sanitation and hygiene needs of communities, especially those that are marginalized. By applying its resources towards communities that need it the most, company ensures equitable access. The Company's CSR strategy incorporates an inclusive approach into the design of every program. Company aims to create innovative solutions to societal challenges applying its contextual knowledge; execute and scale programs using its technology capabilities; engage its large employee base to volunteer their time, skills. The projects undertaken are within the broad framework of schedule VII of the Act. Details of the CSR policy and projects or programs undertaken by the Company are available on links: [www.lincolnpharma.com/wp-content/uploads/2014/11/Corporate-Social-Responsibility-Policy.pdf](http://www.lincolnpharma.com/wp-content/uploads/2014/11/Corporate-Social-Responsibility-Policy.pdf)

##### 2. Composition of CSR Committee:

Sr. 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. Ishwarlal A. Patel	Member, Non-Executive Independent Director	2	2
2.	Mr. Mahendra G. Patel	Member, Executive Director	2	2
3.	Mr. Munjal M. Patel	Member, Executive Director	2	2

##### 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.lincolnpharma.com](http://www.lincolnpharma.com)

##### 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 for the year under review.

##### 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: Not applicable for the year under review.

##### 6. Average net profit of the Company as per Section 135 (5): ₹ 5478.38 Lakhs

##### 7. (a) Two percent of average net profit of the company as per section 135(5): ₹ 109.57 Lakhs

##### (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 obligation for the financial year (7a+7b-7c): ₹ 109.57 Lakhs

##### 8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
₹ 111.18 Lakhs	Not Applicable				

## DIRECTORS' REPORT (Contd...)

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

Sr. No.	Name of the Project.		Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	State	Location of the project.	Project duration.	Amount allocated for the project (₹ in Lakhs)	Amount spent in the current financial Year (₹ in Lakhs).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ in Lakhs).	Mode of Implementation – Direct (Yes/No).	Name	Mode of Implementation – Through Implementing Agency
					District							CSR Registration number.	
Nil													

### (c) Details of CSR amount spent against other than ongoing projects for the financial year:

Sr. 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 allocated for the project (₹ in Lakhs)	Amount spent for the Project (₹ in Lakhs).	Mode of Implementation – Direct (Yes/No).	Mode of Implementation – Through Implementing Agency	
				State	District				Name	CSR Registration number.
1.	Providing support to the differently abled	Clause (ii) Promoting education to differently abled people	Yes	GJ	AHM	0.36	0.36	No	Blind People's Association	Not Applicable
2.	Contribution towards education activities	Clause (ii) Promoting Education	Yes	GJ	AHM	3.11	3.11	No	Dr. Jit Mehta Balshala Trust	
3.	Contribution towards education activities	Clause (ii) Promoting Education	No	GJ	Mehsana	6.00	6.00	No	Kadi Taluka Public Charitable Trust	
4.	Contribution towards hunger, education, & healthcare activities	Clause (i) & (ii) Eradicating hunger, poverty and malnutrition and promoting education	Yes	GJ	AHM	11.00	11.00	No	Sardardham	
5.	Contribution towards hunger, education, & healthcare activities	Clause (i) & (ii) Eradicating hunger, poverty and malnutrition and promoting education	Yes	GJ	AHM	64.11	64.11	No	Shardaben Gulabdas Patel Public Charity Trust	
6.	Contribution towards education activities	Clause (ii) & (iii) promoting Education and gender equality and empowering women	Yes	GJ	G'Nagar	0.51	0.51	No	Shree Shertha Kelvani Mandal	

## DIRECTORS' REPORT (Contd...)

Sr. 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 allocated for the project (₹ in Lakhs)	Amount spent for the Project (₹ in Lakhs).	Mode of Implementation – Direct (Yes / No).	Mode of Implementation – Through Implementing Agency	
				State	District				Name	CSR Registration number.
7.	Contribution towards hunger & education activities	Clause (i) & (ii) Eradicating hunger and promoting education	Yes	GJ	Mehsana	0.37	0.37	No	Shree Someshwara Ashram Trust	Not Applicable
8.	Contribution towards hunger & education activities	Clause (iii) Reducing inequalities faced by socially and economically backward groups.	Yes	GJ	Mehsana	0.50	0.50	No	Shri Brahm Samaj Seva Trust	
9.	Contribution towards hunger, education, & healthcare activities	Clause (iii) Reducing inequalities faced by socially and economically backward groups.	Yes	GJ	Kutch	0.20	0.20	No	Shri Gramy Seva Sangthan	
10.	Contribution towards hunger, education, & healthcare activities	Clause (i) & (ii) Eradicating hunger and promoting education	Yes	GJ	Mehsana	15.00	15.00	No	Shri Kadi Ru Mahajan Pathikashram	
11.	Contribution towards education activities	Clause (i) Promoting Education	Yes	GJ	Mehsana	3.51	3.51	No	Shri Sarswati Kanya Kelavani Mandal	
12.	Healthcare services to slum dwellers	Clause (i) Promoting healthcare	Yes	GJ	AHM	0.36	0.36	No	Smile Foundation	
13.	Contribution towards healthcare activities	Clause (i) Promoting healthcare	Yes	GJ	AHM	5.00	5.00	No	Sri Sathya Sai Heart Hospital	
14.	Contribution towards healthcare activities	Clause (i) Eradicating hunger	Yes	GJ	AHM	1.15	1.15	No	The Akshaya Patra Foundation	

\* GJ – Gujarat, AHM – Ahmedabad, G'Nagar – Gandhinagar

- (d) **Amount spent in Administrative Overheads:** Nil
- (e) **Amount spent on Impact Assessment, if applicable:** Nil
- (f) **Total amount spent for the Financial Year (8b+8c+8d+8e):** ₹ 111.18 Lakhs
- (g) **Excess amount for set off, if any:**

Sr. No.	Particular	₹ in Lakhs
1.	Two percent of average net profit of the company as per section 135(5)	109.57
2.	Total amount spent for the financial year	111.18
3.	Excess amount spent for the financial year [(ii)-(i)]	1.61
4.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
5.	Amount available for set off in succeeding financial years [(iii)-(iv)]	1.61



## DIRECTORS' REPORT (Contd...)

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (₹ in Lakhs)	Amount spent in the reporting Financial Year (₹ in Lakhs)	Name of the Fund	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.		
					Amount (₹ in Lakhs)	Date of transfer	Amount remaining to be spent in succeeding financial years. (₹ in Lakhs)
Not Applicable							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Sr. No.	Project ID	Name of Project	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (₹ in Lakhs).	Amount spent on the project in the reporting Financial Year (₹ in Lakhs).	Cumulative amount spent at the end of reporting Financial Year. (₹ in Lakhs).	Status of the project – Completed / Ongoing.
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

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).  
Not Applicable

FOR AND ON BEHALF OF THE BOARD  
FOR LINCOLN PHARMACEUTICALS LIMITED

M. G. PATEL  
MANAGING DIRECTOR &  
MEMBER OF CSR COMMITTEE,  
DIN: 00104706

H. I. PATEL  
WHOLE-TIME DIRECTOR  
DIN: 00104834

AHMEDABAD, MAY 25, 2021

## DIRECTORS' REPORT (Contd...)

### ANNEXURE - 3 TO THE DIRECTORS' REPORT

#### STATEMENT OF PARTICULARS AS PER RULE 5 OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

The remuneration and perquisites provided to the employees and management are at par with the industry levels. The remunerations paid to the directors and key managerial personnel are reviewed and recommended by the nomination and remuneration committee.

- 1) **The Ratio of the remuneration of each director to the median remuneration of the employees of the company for the Financial Year Ended March 31, 2021;**

(₹ in Lakhs)

SN	Name of Directors	Remuneration (Per Annum)	Ratio
1.	Mr. Mahendra G. Patel	23.60	6:1
2.	Mr. Hashmukh I. Patel	28.80	7:1
3.	Mr. Ashish R. Patel	41.83	10:1
4.	Mr. Munjal M. Patel	26.00	6:1

- 2) **The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year Ended March 31, 2021;**

SN	Name of Directors / KMP	Designation	% Increase
1.	Mr. Mahendra G. Patel	Managing Director	2.26
2.	Mr. Hashmukh I. Patel	Whole-Time Director	3.42
3.	Mr. Ashish R. Patel	Whole-Time Director	4.56
4.	Mr. Munjal M. Patel	Whole-Time Director	3.14
5.	Mr. Darshit A. Shah	Chief Financial Officer	5.69
6.	Mr. Niren A Desai	Company Secretary	NA

The other directors are non-executive directors and they are not receiving remuneration and sitting fees during the financial year ended March 31, 2021.

- 3) **The percentage increase in the median remuneration of employees in the financial year ended march 31, 2021:** 4.01%
- 4) **The number of permanent employees on the rolls of company;** There are 1,246 permanent employees on the rolls of the Company.
- 5) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;**

The average increase in salaries of employees other than managerial personnel in 2020-2021 was 10 – 11% percentage increase in the managerial remuneration for the year was 3 – 4%. Annual increment in the salary is based on the different grades, industry pattern, qualification, expertise and experience of individual employee. As such the annual increment in remuneration is as per the terms of appointment and is in conformity with the remuneration policy of the Company.

- 6) **Affirmation that the remuneration is as per the remuneration policy of the Company:**

The remuneration paid to key managerial personnel is as per the remuneration policy of the Company.

**FOR AND ON BEHALF OF THE BOARD  
FOR LINCOLN PHARMACEUTICALS LIMITED**

**M. G. PATEL  
MANAGING DIRECTOR &  
MEMBER OF CSR COMMITTEE,  
DIN: 00104706**

**H. I. PATEL  
WHOLE-TIME DIRECTOR  
DIN: 00104834**

AHMEDABAD, MAY 25, 2021

## DIRECTORS' REPORT (Contd...)

### ANNEXURE - 4 TO THE DIRECTORS' REPORT

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021**

[Pursuant to section 204 (1) of the Act and rule No. 9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
**LINCOLN PHARMACEUTICALS LIMITED,**  
"LINCOLN HOUSE", Behind Satyam Complex,  
Science City Road, Sola, Ahmedabad 380060.

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

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

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under.
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing.

5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. **(not applicable to the company during the audit period)**
- d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(not applicable to the company during the audit period)**
- e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.
- f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(not applicable to the company during the audit period);**
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(not applicable to the company during the audit period);**
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(not applicable to the company during the audit period);**

I have relied on the representations made by the Company and its officers for systems and mechanism formed by the Company for compliances of other specific applicable Acts, Laws and Regulations to the Company as mentioned hereunder;

- a) Pharmacy Act, 1948
- b) Drugs and Cosmetics Act, 1940



## DIRECTORS' REPORT (Contd...)

- c) Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954
- d) Drugs Price Control Order, 2013
- e) Food Safety and Standards Act, 2006
- f) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
- g) The Factories Act, 1948
- h) The Minimum Wages Act, 1948, and rules made there under
- i) Payment of Gratuity Act, 1972
- j) Payment of Bonus Act, 1965

I have also examined compliance with the applicable Clauses of the following:

- a) Secretarial Standards issued by The Institute of Company Secretaries of India;
- b) 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.

### I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least 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.

Board take decision by majority of directors while the dissenting directors' views are captured and recorded as part of the minutes.

### I further report that:

There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable Laws, Rules, Regulations and guidelines.

### I further report that there were no other instances of:

- a) Public / Rights / Preferential issue of Shares / debentures / sweat equity.
- b) Redemption / buy-back of securities.
- c) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013
- d) Merger / amalgamation **however it is to be noted that during the audit period, the Company has filled petition to Hon'ble National Company Law Tribunal (NCLT) Ahmedabad Bench to approve the scheme of amalgamation of Lincoln Parenteral Limited ("Transferor Company") with Lincoln Pharmaceuticals Limited ("Transferee Company") and their respective Shareholders and Creditors, the matter is under consideration and hearing is being pending before the Hon'ble Bench.**
- e) Foreign technical collaborations.

**FOR VISHWAS SHARMA & ASSOCIATES  
COMPANY SECRETARIES**

**VISHWAS SHARMA  
PROPRIETOR**

**M. NO.: 33017 CP NO: 16942  
UDIN: A033017C000366383**

**AHMEDABAD, MAY 25, 2021**

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

## DIRECTORS' REPORT (Contd...)

### Annexure to Secretarial Audit Report

To,  
 The Members,  
**LINCOLN PHARMACEUTICALS LIMITED,**  
 "LINCOLN HOUSE", Behind Satyam Complex,  
 Science City Road, Sola, Ahmedabad 380060.

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

- 1) Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
- 2) I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
- 3) I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- 4) Wherever required, I have obtained the Management representations about the compliance of Laws, Rules and Regulations and happening of events etc.
- 5) The compliance of the provisions of corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
- 6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**FOR VISHWAS SHARMA & ASSOCIATES  
COMPANY SECRETARIES**

**VISHWAS SHARMA  
PROPRIETOR**

**M. NO.: 33017 CP NO: 16942  
UDIN: A033017C000366383**

**AHMEDABAD, MAY 25, 2021**

## DIRECTORS' REPORT (Contd...)

### ANNEXURE - 4A TO THE DIRECTORS' REPORT

#### SECRETARIAL COMPLIANCE REPORT OF LINCOLN PHARMACEUTICALS LIMITED FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2021

We, **Vishwas Sharma & Associates**, Company Secretaries, have examined:

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>a) All the documents and records made available to us and explanation provided by Lincoln Pharmaceuticals Limited ("the listed entity"),</li> <li>b) The filings / submissions made by the listed entity to the stock exchanges,</li> <li>c) Website of the listed entity,</li> <li>d) Any other document / filing, as may be relevant, which has been relied upon to make this certification, for the year ended on March 31, 2021 ("Review Period") in respect of compliance with the provisions of               <ul style="list-style-type: none"> <li>a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and</li> <li>b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>e) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; <b>(Not Applicable during the review period)</b></li> <li>f) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; <b>(Not Applicable during the review period)</b></li> <li>g) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; <b>(Not Applicable during the review period)</b></li> <li>h) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; <b>(Not Applicable during the review period)</b></li> <li>i) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013. <b>(Not Applicable during the review period)</b> and circulars/ guidelines issued thereunder; and based on the above examination, We, hereby report that, during the period under review:               <ul style="list-style-type: none"> <li>a) The listed entity has complied with all the provisions of the above Regulations and circulars/ guidelines issued thereunder,</li> <li>b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder in so far as it appears from our examination of those records.</li> <li>c) No action has been taken against the listed entity/ its promoters/ directors either by SEBI or by Stock Exchange (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and Circulars/ guidelines issued thereunder.</li> <li>d) There are no observation made in previous report.</li> </ul> </li> </ul> |
|--|---|

The specific regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

- a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- b) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- c) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- d) Securities and Exchange Board of India (Depository and Participants) Regulations, 2018;

**FOR VISHWAS SHARMA & ASSOCIATES  
COMPANY SECRETARIES**

**VISHWAS SHARMA  
PROPRIETOR**

**M. NO.: 33017 CP NO: 16942  
UDIN: A033017C000366438**

**AHMEDABAD, MAY 25, 2021**



## DIRECTORS' REPORT (Contd...)

### ANNEXURE - 5 TO THE DIRECTORS' REPORT

#### BUSINESS RESPONSIBILITY REPORT

(Pursuant to Regulation 34 (2) (f) of Securities and Exchange Board of India  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

##### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Sr. No.	Particulars	Company Information
1.	<b>Corporate Identity Number (CIN) of the Company</b>	L24230GJ1995PLC024288
2.	<b>Name of the Company</b>	Lincoln Pharmaceuticals Limited
3.	<b>Registered address</b>	"LINCOLN HOUSE", Behind Satyam Complex, Science City Road, Sola, Ahmedabad – 380 060, Gujarat, India.
4.	<b>Website</b>	www.lincolnpharma.com
5.	<b>E-Mail ID</b>	info@lincolnpharma.com
6.	<b>Financial Year reported</b>	April 01, 2020 to March 31, 2021.
7.	<b>Sector(s) that the Company is engaged in (industrial activity code-wise)</b>	Pharma Sector under Group 210, Class 2100 as per the National Industrial Classification 2008
8.	<b>List three key products/services that the Company manufactures/provides (as in balance sheet)</b>	The Company is mainly engaged in the business of manufacturing and trading of pharmaceuticals products like medicines, injections and other related products more specifically described in the notes attached to the annual report.
9.	<b>Total number of locations where business activity is undertaken by the Company</b>	
	(a) Number of International Locations (Provide details of major five)	Nil
	(b) Number of National Locations	There is only one manufacturing unit, one R&D unit, and twenty one plus super stockiest across the India.
10.	<b>Markets served by the Company – Local / State / National / International</b>	Markets served by the Company are spread across 60+ countries including India.

##### SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	<b>Paid up Capital as on March 31, 2021</b>	₹ 2,000 Lakhs
2.	<b>Total Turnover</b>	₹ 41,305.52 Lakhs (on standalone basis)
3.	<b>Total profit after taxes</b>	₹ 6,040.61 Lakhs (on standalone basis)
4.	<b>Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)</b>	<b>a) Total amount contributed: ₹ 111.18 Lakhs</b> <b>b) Prescribed CSR Expenditure: ₹ 109.57 Lakhs</b> (Two Percent of average net profit of the Company for last three financial years)
5.	<b>List of activities in which expenditure in 4 above has been incurred:-</b>	The expense has been incurred in the area of education, healthcare, eradicating hunger and malnutrition and reducing inequalities by promoting gender equality. (The report on CSR activities along with its annexure as forms part of this directors' report [Annexure – 2]).

## DIRECTORS' REPORT (Contd...)

### SECTION C: OTHER DETAILS

**1) Does the Company have any Subsidiary Company / Companies?**

Yes, as on March 31, 2021, the Company has one Company and one LLP as its Subsidiaries, the details of the subsidiaries are provided in form AOC – 1 which are attached to this report.

**2) Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).**

The subsidiaries are separate entities and hence they follow BR initiatives as per the laws applicable to them.

**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 has not mandated any supplier, distributor etc, to participate in BR Initiatives of the Company. However, they are encouraged to adopt BR Initiatives and follow the concept / initiatives expected from responsible businesses.

### SECTION D: BR INFORMATION

**1) Details of Director/Directors responsible for BR**

**(a) Details of the Director / Director responsible for implementation of the BR policy / policies**

- |                         |   |                   |
|-------------------------|---|-------------------|
| <b>I. DIN Number</b>    | - | 00104706          |
| <b>II. Name</b>         | - | Mahendra G. Patel |
| <b>III. Designation</b> | - | Managing Director |

**(b) Details of the BR head**

Sr. No.	Particulars	Details
1.	<b>DIN Number (if applicable)</b>	00104706
2.	<b>Name</b>	Mahendra G. Patel
3.	<b>Designation</b>	Managing Director
4.	<b>Telephone Number</b>	+91-4107-8000
5.	<b>E-Mail ID</b>	cs@lincolnpharma.com

Note: As such the entire Board is responsible for review of implementation of BR Principles / Policies of the Company.

**2) Principle-wise [as per National Voluntary Guidelines (NVGs)] BR Policy / policies:**

SEBI has now mandated to include BRR on the following principles as stated in the National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs:

P 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
P 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P 3	Businesses should promote the wellbeing of all employees.
P 4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are dis-advantaged, vulnerable and marginalized.
P 5	Businesses should respect and promote human rights.
P 6	Business should respect, protect and make efforts to restore the environment.
P 7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P 8	Businesses should support inclusive growth and equitable development.
P 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

## DIRECTORS' REPORT (Contd...)

### (a) Details of compliance (Reply in Y/N)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7*	P8	P9
1.	Do you have a policy / policies for the principles?	Y	Y	Y	Y	Y	Y	NA	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Policies are prepared considering the relevant provisions of applicable law and wherever applicable on relevant provisions of 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business', as deemed appropriate at the time of formulation of policies.								
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	NA	Y	Y
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y
6.	Indicate the link for the policy to be viewed online?	Code of Conduct, corporate social responsibility policy, whistle blower policy etc are available on the website of the Company <a href="http://www.lincolnpharma.com">www.lincolnpharma.com</a> .								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
8.	Does the company have in-house structure to implement the policy / policies.	Y	Y	Y	Y	Y	Y	NA	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The independent audit has not been carried out by external agency. However, the policies, if required, are evaluated in-house, from time to time and updated whenever necessary.								

\* Presently, the Company is not actively engaged in influencing any public and regulatory policy.

### (b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Not Applicable

### 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 Board of Directors / its Committees / Chairman or any authorised officials of the Company, as the case may be, assesses the BR Performance on quarterly, half yearly or annual basis depending upon the type of BR activities.

#### (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Company's annual report includes BRR and the same is available on the website of Company and can be accessed at [www.lincolnpharma.com](http://www.lincolnpharma.com).



## DIRECTORS' REPORT (Contd...)

### 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?**

The Company has a code of conduct & ethics. The subsidiaries are encouraged to follow the similar code. Further, similar policy is also being extended to suppliers / contractors inter alia by executing the said clauses in the contracts or otherwise encouraged for the same.

- 2) **How many stakeholder 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.**

The Company encourages all its stakeholders to freely share their concerns and grievances. During the year, no complaints have been received from any shareholders of the Company.

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

- 1) **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.**

The Company continuously endeavors to develop environment friendly product processes and product designs in its effort to fulfil its obligations to the society by strengthening the processes to minimize the environmental load, understanding risk to the environment and to human health arising from environment and promoting green processes by strategic design of technologies and integrating with updated guidelines. The five products are: ARHL Tablet (used to treat chloroquine resistant falciparum malaria symptoms), Ibuprofen Tablet (used to treat pain, fever, and inflammation), Dolomol Tablet (used to treat aches and pains), Namcold Tablet (used to treat common cold symptoms) and Tinnex Capsule [used to treat tinnitus (ringing or buzzing sound in the ears despite the absence of any external noise)]. The Company endeavors & strives to fulfill all applicable compliance requirements related to products, environment, health & safety.

- 2) **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

- (a) **Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?**

The Company is committed to environment sustainability. For this, the Company constantly works to adapt new techniques & ideas towards efficient and optimal utilization of resources, energy, water, raw material etc.

- (b) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

The Company promotes to improve systems to minimize the energy and water use, by energy management system, which reduces the power and fuel consumption and thereby reduces related costs. The Company also promote renewable energy in term of solar systems and windmill. Thus, the Company always promote conservation, reuse, reduce, recycle and waste minimization throughout process intensification in terms of process time and optimum yield.

- 3) **Does the company have procedures in place for sustainable sourcing (including transportation)?**

- (a) **If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

Sustainability in the operations is critically important if the Company is to deliver continued innovation. In the best interests, the Company endeavours to work with responsible suppliers who adhere to the same quality, social and environmental standards.

The Company has standard operating procedures for the evaluation and selection of its vendors for sourcing of material. This includes the evaluation of the EHS resources and their compliance by suppliers and vendors for raw materials/APIs and intermediates. The Company has system of identifying and/ or developing alternate vendors where single vendor is considered critical for business continuity.

## DIRECTORS' REPORT (Contd...)

- 4) **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

- (a) **If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

The Company consciously endeavours to source its procurement of the goods and services from medium and small vendors from the local areas wherever feasible. It improves operational efficiency and saves on transportation cost and inventory management. Further, the Company fulfils its manpower requirement by employing the people from the nearby location to the possible extent.

- 5) **Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

The Company promotes philosophy of the waste reduction hierarchy which consists of reduce, reuse, recover & recycle. Waste solvent is being recovered through recovery system and sold to external agencies (approved by state pollution control board) for reuse at their end. It is a long-term plan to make unit 'Zero liquid discharge'. In this direction, substantial work has been done in the unit by adoption of newer technologies and processes.

### Principle 3: Businesses should promote the wellbeing of all employees (As on March 31, 2021)

- 1) **Please indicate the Total number of employees:** The total number of on the rolls employees are 1,246 of the Company.
- 2) **Please indicate the Total number of employees hired on temporary/contractual/casual basis:** The total number of employees hired on temporary / contractual / casual basis are 700 of the Company.
- 3) **Please indicate the Number of Permanent Women Employees:** The total number of permanent women employees are 61 of the Company.
- 4) **Please indicate the Number of permanent employees with disabilities:** The total number of permanent employees with disabilities is 2 of the Company.

- 5) **Do you have an employee association that is recognized by management?:** No

- 6) **What percentage of your permanent employees are members of this recognized employee association?:** Not Applicable.

- 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:** During the Year, the Company does not employ any child labour or forced / involuntary labour.

- 8) **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year? Following is the respective percentage (rounded-off) for these employees:**

(a) Permanent Employees	:	96%
(b) Permanent Women Employees	:	98%
(c) Casual/Temporary/Contractual Employees	:	99%
(d) Employees with Disabilities	:	100%

During the year under review there was nationwide lock down on account of ongoing CoVID – 19 pandemic. Considering the subsequent relaxations in the lock down the Company followed all the CoVID – 19 protocols as issued by the government including frequent work space sanitization, wearing of mask, washing of hands temperature check, social distancing etc.

The Company cares for its employees the most and always endavours for the wellbeing of its employees.

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

- 1) **Has the company mapped its internal and external stakeholders? Yes/No**

The Company has mapped its internal and key external stakeholders such as employees, shareholders, customers, suppliers, bankers, channel partners, people residing in the vicinity of plants and corporate house, The Company acknowledge their contribution in the growth of sustainable business of the Company.

## DIRECTORS' REPORT (Contd...)

- 2) **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**

Yes. The Company has identified the disadvantaged, vulnerable & marginalized stakeholders.

- 3) **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

The Company works actively to enhance the employability of youth in the nearby locations wherever it operates, leading to income generation and economic empowerment in the marginalized sections of the communities. The Company's Corporate Social Responsibility (CSR) policy intends to focus on certain initiatives, inter alia, in the fields of promoting education, health care, eradicating hunger and malnutrition and reducing inequalities by promoting Gender Equality. For details of projects undertaken during the year 2020-2021, please refer the report on CSR as forms part of this directors' report (Annexure – 2).

**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 believes that its employees shall live with social & economic dignity & freedom, and treated equally regardless of nationality, gender, race, economic status or religion. The Company's support for the fundamental principles of human rights is reflected in the Company's policies and actions towards our employees, suppliers, clients and communities. Presently this policy of the company is confined only to the Company.

- 2) **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

No complaints on breach of human rights were received during the year.

**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.**

The Company is committed to provide & maintain a safe work environment for the health, safety & welfare of the Company's staff, contractors, visitors and others in the vicinity. Periodic training is provided to enable employees to support this policy. The Group is encouraged to adopt the practices of Company.

- 2) **Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

Yes, the Company is committed towards contributing to manage climate change. The Company has started using renewable energy and to reduce carbon footprint, the Company has installed & commissioned 1 MW Solar Rooftop Power Plant at its manufacturing facility and two windmills installed at two different places of Gujarat. This facilities generates approx. 60 lakhs units per annum. The buildings are designed and constructed on the concept of 'Green Building' having natural lights and ventilation. Various power saving devices viz. more efficient electric drives/ LED /machines etc. are being installed.

- 3) **Does the company identify and assess potential environmental risks? Y/N.**

The Company has identified and assessed several potential environmental risks.

- 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?**

Yes, the Company has taken various actions to minimize GHG (Greenhouse Gases) like clean fuel Natural Gas is used in Boilers. Eco friendly refrigerant gas R410 is being used in air conditioning operations. Air conditions are being operated above 25°C. Water less urinals had been installed in wash rooms.

- 5) **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

The Company has taken several initiatives on clean technology, energy efficiency and renewable energy. Solar power system has been installed at manufacturing facility (1MW) and two windmills have been installed at two different locations of Gujarat (2.7 MW). Energy efficient dewatering system has been installed & commissioned to reduce the moisture content in ETP sludge.



## DIRECTORS' REPORT (Contd...)

- 6) **Are the Emissions/Waste generated by the company within the permissible limits given by Centre Pollution Control Board (CPCB) / State Pollution Control Board (SPCB) for the financial year being reported?**

Yes, all hazardous waste and emissions are within the permissible limits of CPCB / SPCB during the financial 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.**

During the year, the Company has not received any such notices from CPCB / SPCB.

**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:**

The Company is a member of trade / industry associations like Indian Drug Manufacturing Association (IDMA) and Gujarat Chamber of Commerce and Industry (GCCCI).

- 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)**

The Company, through these trade and industry associations, provides inputs to key decision makers in framing and implementing policies for availability of quality medicines at affordable prices. It also learns from experience of others to educate the relevant people for initiating procedures for improvement in healthcare.

**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.**

Yes, the Company has identified specified programmes / projects in the pursuit of the policy related to Principle 8. For details of projects undertaken during the year 2020-2021, please refer the report on CSR as forms part of this directors' report (Annexure – 2).

- 2) **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?**

The Company, through Trusts/NGOs, supports various CSR initiatives in a project/ program mode.

- 3) **Have you done any impact assessment of your initiative?**

Yes, the Company undertakes timely impact assessments of projects under implementation for ensuring their desired impact and continued sustenance.

- 4) **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.**

For details of projects undertaken during the year 2020-2021, please refer the report on CSR as forms part of this directors' report (Annexure - 2).

- 5) **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

The Company undertakes need assessment surveys in villages and community before undertaking CSR initiatives.

Community needs are understood and evaluated and their views are taken before project plans are finalized and executed. Community members are continuously consulted with during implementation of initiatives. Further, the Company, ensures that community members participate in the initiatives being undertaken / implemented and that they take responsibility for maintenance and sustenance of projects in future.

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

- 1) **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

The Company obtains the feedback from its various customer(s), from time to time. In case any complaint is received from the customer / consumer, the same is appropriately attended, addressed and resolved by the Company. The customers of the Company have various options to connect with the company's representatives i.e. through email, telephone, website & feedback emails. As on March 31, 2021, there was negligible percentage of unresolved complaints / cases of the consumers(s).

## DIRECTORS' REPORT (Contd...)

- 2) **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)**

Yes, the Company displays all the product information on the product label, which are mandatory. Besides, the Company also displays general information for patients in order to guide them with respect to usage of the certain products. We adhere to national and international standards with respect to product safety.

- 3) **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible**

**advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

No such case is pending against the company as on end of the financial year.

- 4) **Did your company carry out any consumer survey/ consumer satisfaction trends?**

The marketing team of the Company regularly interacts with the Doctors and other Healthcare professionals and takes their feedback on the Company's products.

## DIRECTORS' REPORT (Contd...)

### ANNEXURE - 6 TO THE DIRECTORS' REPORT

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

[Section 134(3) (m) of the Act read with Rule 8(3) of The Companies (Accounts) Rules, 2014]

(A) Conservation of Energy-		
(i)	the steps taken or impact on conservation of energy;	The Company has taken measures and applied strict control system to monitor day to day power consumption, to endeavor to ensure the optimal use of energy with minimum extent possible wastage as far as possible. The day to day consumption is monitored and various ways and means are adopted to reduce the power consumption in an effort to save energy.
(ii)	the steps taken by the company for utilizing alternate sources of energy;	The Company endeavors in using the alternative source of energy so as to save the natural source of energy to an extent as much as possible. As an alternative the Company has installed wind turbines which is used as alternative renewable source of energy.
(iii)	the capital investment on energy conservation equipment's	Renewable energy and energy efficiency are seen as the 'twin pillars' of a sustainable energy policy. The Company recognizes that investment in energy conservation offers significant economic benefits in addition to climate change benefits. In the last few years, the Company has tried to improve energy efficiency significantly by investing in energy conservation equipment.

(B) Technology absorption-		
(i)	the efforts made towards technology absorption;	Company has always been making best effort towards technology absorption, adaptation and innovation to improve the quality of production.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	It improves the quality of company's products being manufactured and reduces the cost of production.
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year:-	NA

iv	<b>The Expenditure incurred on Research and Development:</b>		(₹ In Lakhs)
SN	Particulars	March 31, 2021	March 31, 2020
1.	Capital Expenditure	85.83	352.13
2.	Recurring Expenditure	936.32	829.96
3.	Total	1,022.14	1,179.71
4.	Total R&D expenditure as a percentage of total turnover	2.47%	3.14%

(c) Foreign Exchange Earnings and Outgo: -			
The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows:			
(₹ In Lakhs)			
SN	Particulars	March 31, 2021	March 31, 2020
1.	Foreign Exchange Earned	25,737.23	21,700.42
2.	Outgo of Foreign Exchange	542.86	364.14

FOR AND ON BEHALF OF THE BOARD  
FOR LINCOLN PHARMACEUTICALS LIMITED

M. G. PATEL  
MANAGING DIRECTOR  
DIN: 00104706

H. I. PATEL  
WHOLE-TIME DIRECTOR  
DIN: 00104834

AHMEDABAD, MAY 25, 2021

## DIRECTORS' REPORT (Contd...)

### ANNEXURE - 7 TO THE DIRECTORS' REPORT

#### REPORT ON CORPORATE GOVERNANCE

[Pursuant to Part C of Schedule V to the SEBI Listing Regulations]

##### 1. A BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Corporate Governance is about upholding the highest standards of integrity, transparency and accountability. Our governance standards are initiated by senior management, and percolate down throughout the organization. We believe that retaining and enhancing stakeholder trust is essential for sustained corporate growth. We have engrained into our culture and into each associate the values of honesty and fairness. For us, adherence to Corporate Governance stems not only from the letter of law but also from our inherent belief in doing business the right way.

The Company believes that sustainable and long term growth of every stakeholder depends upon the judicious and effective use of available resources and consistent endeavour to achieve excellence in business along with active participation in the growth of society, building of environmental balances and significant contribution in economic growth. The Company has complied with all the requirements stipulated under provisions of SEBI Listing Regulations, as applicable, with regard to Corporate Governance and listed below is the status with regard to same.

##### 2. BOARD OF DIRECTORS:

The Board of Directors, being the trustee of the Company, responsible for the establishment of cultural, ethical and accountable growth of the Company, is constituted with a high level of integrated, knowledgeable and committed professionals. The Board provides strategic guidance and independent views to the Company's senior management while discharging its fiduciary responsibilities.

###### A. Composition and Category of Directors:

The Company has a balanced board with optimum combination of executive and non-executive directors including independent directors, which plays a crucial role in board processes and provides independent judgment on issues of strategy and performance. The board of directors of the

Company consist of eminent individuals from diverse fields having experience and expertise in their respective fields. As on March 31, 2021, board comprises of 11 (Eleven) directors out of which 4 (Four) are executive directors, 3 (Three) are non-executive directors and remaining 4 (Four) are independent directors. Independent Directors are appointed in compliance with the definition as defined under Regulation 16 (1) (b) of the SEBI Listing Regulations as amended from time to time. The maximum tenure of the independent directors is in compliance with the Act. The composition of the board is in conformity with the Regulation 17 of the SEBI Listing Regulations.

None of the directors on the board is a member of more than 10 (ten) Committees or Chairperson of more than 5 (five) Committees across all listed companies in which he / she is a director, pursuant to Regulation 26 of SEBI Listing Regulations. Further, none of the independent directors on the board is serving as an independent director in more than 7 (seven) listed companies.

###### B. No. of Board of Directors and Meetings, attendance at the board meetings and the last AGM and other Directorship:

During the year under review, four board meetings were held on June 25, 2020, August 08, 2020, November 03, 2020 and February 02, 2021. The necessary quorum was present for all the meetings. The maximum gap between any two consecutive meetings was less than one hundred and twenty days, as stipulated under Section 173 (1) of the Act, and Regulation 17 (2) of the SEBI Listing Regulations and the Secretarial Standards by the Institute of Company Secretaries of India.

The composition of the board, attendance at the board meetings during the year ended on March 31, 2021 and the last AGM and also the number of other directorships and committee memberships are given below:



## DIRECTORS' REPORT (Contd...)

Name of Directors	Date of Appointment	Category of Directorship	No. of Board Meeting attended	#No. of other Committee Member or Chairman	Whether last AGM held on September 30, 2020 attended	*No. of other Directorships
Mr. Kishor M. Shah DIN: 02769085	August 16, 1995	Non-Executive Non-Independent (Chairman)	1 out of 4	----	----	----
Mr. Mahendra G. Patel DIN: 00104706	January 20, 1995	Executive and Promoter	4 out of 4	----	Yes	----
Mr. Hashmukh I. Patel DIN: 00104834	January 20, 1995	Executive and Promoter	4 out of 4	----	Yes	----
Mr. Ashish R. Patel DIN: 01309017	November 14, 2014	Executive and Promoter	1 out of 4	----	----	----
Mr. Munjal M. Patel DIN: 02319308	November 14, 2014	Executive and Promoter	3 out of 4	----	Yes	1. <b>Kapashi Commercial Limited</b> – Non-Executive Non-Independent Director, 2. <b>Karnavati Distributors Limited</b> – Non-Executive Non-Independent Director,
Mr. Rajnikant G. Patel DIN: 00104786	January 20, 1995	Non-Executive Non-Independent and Promoter	1 out of 4	----	Yes	----
Mr. Arvind G. Patel DIN: 00104885	February 03, 1995	Non-Executive Non-Independent and Promoter	1 out of 4	----	----	----
Mr. Ishwarlal A. Patel DIN: 00217324	February 03, 1995	Non-Executive Independent	4 out of 4	----	Yes	----
Mr. Pirabhai R. Suthar DIN: 00453047	October 30, 1999	Non-Executive Independent	4 out of 4	----	----	----
Ms. Meha M. Patel DIN: 07254852	August 04, 2015	Non-Executive Independent	2 out of 4	----	----	----
Mr. Saurin J. Parikh DIN: 02136530	March 27, 2018	Non-Executive Independent	2 out of 4	1	----	1. <b>Pashupati Limited</b> – Executive Director

\* Excludes Directorships in Private / Foreign and Section 8 Companies.

# In Compliance with Regulation 26 of SEBI Listing Regulations, Membership / Chairmanship of only Audit Committee and Stakeholders Relationship Committee were considered.

## DIRECTORS' REPORT (Contd...)

### C. Disclosure of relationships between Directors inter-se:

Except Mr. Mahendra G. Patel, Mr. Rajnikant G. Patel and Mr. Arvind G. Patel, who are brothers and Mr. Munjal M. Patel, Son of Mr. Mahendra G. Patel and Mr. Ashish R. Patel, Son of Mr. Rajnikant G. Patel, none of the other Directors on the board are related to each other.

### D. Number of shares and convertible instruments held by non-executive directors:

Details of shares held by the Non-executive directors of the Company are as under:

Sr. No.	Name of the Non-executive director	No. of equity shares held in the Company	No. of convertible instruments held in the Company
1.	Mr. Rajanikant G. Patel	7,25,401	There is no convertible instruments issued by the Company, during the year under review.
2.	Mr. Arvind G. Patel	1,11,000	
3.	Mr. Kishor M. Shah	4,78,400	
4.	Mr. Ishwarlal A. Patel	50,800	
5.	Mr. Pirabhai R. Suthar	---	
6.	Ms. Meha M. Patel	---	
7.	Mr. Saurin J. Parikh	---	

### E. Web Link for details of familiarisation programmes for Independent Directors:

In order to enable the independent directors to fulfill their role in the Company, the Company keeps them updated by conducting various presentations, imparting information on new initiatives taken by the Company, intimating the changes taking place in the industry scenario etc. The Company has in place a policy on the Familiarization programme for independent directors to make them aware about the details of the Company. The said policy is available on the website of Company and can be accessed at [www.lincolnpharma.com](http://www.lincolnpharma.com).

### F. Chart / Matrix Setting out the Skills / Expertise / Competence of the Board of Directors:

The Board has identified, inter alia, the following core skills / expertise / competencies to ensure the board's effective composition to discharge its responsibilities and duties required to govern the Company and those actually available with Board:

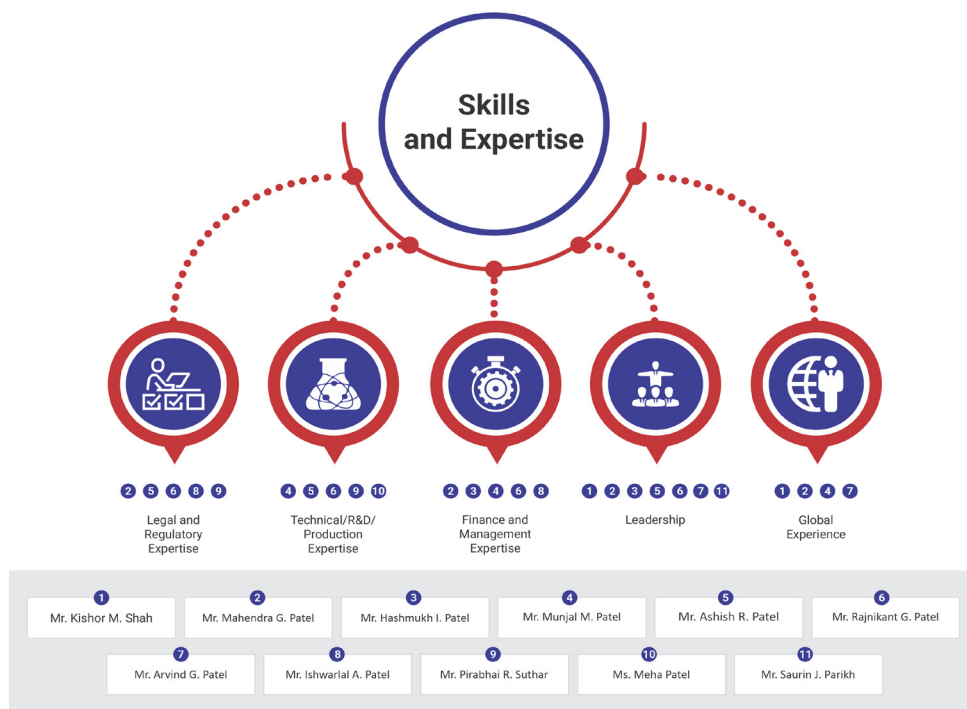
- 1. Finance and Management Expertise:** Knowledge and skills in accounting, finance, treasury management, tax and financial management of large corporations with understanding of capital allocation, funding and financial reporting processes.
- 2. Leadership:** Extensive leadership experience of an organization for practical understanding of the organization, its processes, strategic planning, risk management for driving change and long-term growth.
- 3. Global Experience:** Global mindset and staying updated on global market opportunities, competition experience in driving business success around the world with an understanding of diverse business environments, economic conditions and regulatory frameworks.
- 4. Technical / R & D / Production Expertise:** Experience or knowledge of emerging areas of technology such as digital, artificial intelligence, cyber security, data centre, data security etc.
- 5. Legal and Regulatory Expertise:** Understanding the legal eco system in which the Company operates and possesses the required skill and knowledge of compliance, governance, laws and regulations applicable to the Company and ensuring its compliance in best possible manner.

## DIRECTORS' REPORT (Contd...)

Name of Director & DIN	Date of Birth	Date of First Appointment	Brief Resume, Qualification Expertise and Experience
Mr. Kishor M. Shah, Non-Executive Director, Chairman DIN:02769085	March 04, 1944	August 16, 1995	He is associated with the company since more than twenty six years. His vision and commitment inspires the Board and the core committees of the Company. He carries immense experience in the area of International marketing and directing projects across diverse industries and magnitudes.
Mr. Mahendra G. Patel, Executive Director, DIN: 00104706	January 26, 1954	January 20, 1995	He is a Law Graduate. He is aged about 65 years and has immense and varied experience in corporate planning. He is associated with the Company since incorporation. Under his leadership and Guidance the Company has flourished and has reached the current position. He mainly looks after export business, legal and financial matters. He handles corporate planning, formulation of strategies, policy decisions, corporate finance, legal matters etc. His expertise, experience and knowledge has helped the Company to a great extent.
Mr. Hashmukh I. Patel, Executive Director, DIN:00104834	December 08, 1958	January 20, 1995	He is a science graduate. He is aged about 62 years and is having a rich and varied experience in the Pharmaceutical Industry and is managing the entire gamut of domestic marketing as well as the entire sales distribution system of the Company. His experience and knowledge has helped the Company to a great extent.
Mr. Ashish R. Patel, Executive Director, DIN:01309017	May 12, 1981	November 14, 2014	Armed with a degree in Marketing from U.K. and commerce graduate, he is having immense knowledge and great experience in the area of domestic marketing. He mainly looks after Domestic Marketing Operation of the Company. He handles Sales Operation, formulation of strategies, policy decisions, etc. His expertise, experience and knowledge has helped the Company to a great extent.
Mr. Munjal M. Patel, Executive Director, DIN: 02319308	June 26, 1982	November 14, 2014	Armed with a degree in Finance from USA and Diploma in investment & Financial Analysis, he is having immense knowledge and great experience of the global Financial Services Sector. He handles International Operations, formulation of strategies, policy decisions, etc. His expertise, experience and knowledge has helped the Company to a great extent.
Mr. Rajnikant G. Patel, Non-Executive Director, DIN: 00104786	February 05, 1958	January 20, 1995	He is a B. Pharm. He is aged about 62 years and is having a rich and varied experience in the Pharma Industry. He is associated with the Company since incorporation. He looks after product development, manufacturing and research and development activities of the Company. He has been instrumental in bringing the Company to its present position. His expertise, experience and knowledge has helped the Company to a great extent.
Mr. Arvind G. Patel, Non-Executive Director, DIN:00104885	September 29, 1950	February 03, 1995	He is B. E. (Electrical) Engineer, aged about 69 years and is associated with Company for more than twenty five years. His mainly is involved in planning activity and project implementation process. His experience and has helped the company to great extent.

## DIRECTORS' REPORT (Contd...)

Name of Director & DIN	Date of Birth	Date of First Appointment	Brief Resume, Qualification Expertise and Experience
Mr. Ishwarlal A. Patel, Independent Director, DIN:00217324	January 15, 1933	February 03, 1995	He is a Commerce graduate. He is aged about 86 years. He was a chairman of the leading co-operative Bank. He possesses immense amount of experience and expertise in the field of finance. He is associated with the Company from its inception and his contribution to the Company has been remarkable.
Mr. Pirabhai R. Suthar, Independent Director, DIN:00453047	May 07, 1946	October 30, 1999	He is M.B.B.S., aged about 73 years. He is associated with the Company for over a period of 2 decades. He possesses a very good knowledge of medicine and the formulations / contents of the medicines. His expertise in medicine and experience has helped the Company to a great extent.
Ms. Meha Patel, Independent Director, DIN:07254852	June 28, 1990	August 04, 2015	She is M.B.B.S., aged about 29 years. She has very good knowledge of medicine and its formulations. Her knowledge related to medicine is instrumental for the growth of the Company.
Mr. Saurin J. Parikh, Independent Director, DIN:02136530	September 28, 1971	March 27, 2018	He is aged about 47 years, holds a Bachelor degree of Engineering from the Gujarat University. He is having experience of more than 25 years in the field of manufacturing and export of cotton trade like raw cotton, yarn and its by-products and he has also been instrumental in the areas such as formulation of business policies, strategies, planning and effective implementation of the same. He possesses effective leadership abilities which can lead the Company to achieve success in future.





## DIRECTORS' REPORT (Contd...)

### G. Confirmation regarding Independent Directors:

On the basis of the annual declarations given by the Independent Directors of the Company, the Board hereby confirms that all the Independent Directors fulfil the conditions as specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

The independent directors confirm on an annual basis that they fulfil the criteria prescribed under Section 149 (6) of the Act, and Regulation 16 (1) (b) of the SEBI Listing Regulations regarding an independence of director.

A formal letter of appointment to Independent Directors as provided in the Act, has been issued and disclosed on website of the company.

A separate meeting of the independent directors was held on February 02, 2021, inter alia, to discuss evaluation of the performance of Non-Independent Directors, evaluation of the performance of the Chairman, taking into account the views of the Executive and Non-Executive Directors and the evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties. The Independent Directors expressed satisfaction on the Board's freedom to express views on matters transacted at meetings and the manner in which the management discusses various subject matters specified in the agenda of meetings. The suggestions made by the Independent Directors were discussed at the Board meeting and are being implemented.

### H. Detailed reasons for the resignation of an Independent Director:

During the financial year ended March 31, 2021, none of the independent director has resigned from the directorship of the Company before the expiry of his / her term of appointment.

### 3. Audit Committee:

#### A. Brief description of Terms of Reference:

The terms of reference of Audit Committee articulate the roles, responsibilities and powers of the Audit Committees under Regulation 18 (3) read with Schedule II (Part C) of the Listing Regulations and Section 177 of

the Act. The Role of the Audit Committee is as prescribed under Regulation 18 of SEBI Listing Regulations.

The role of the Audit Committee inter alia includes the following:

1. Oversight of 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 the appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to Statutory Auditors for any other services rendered by the statutory auditors;
4. Review with the management, the annual financial statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Act;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions; and
  - Modified opinion(s) in the draft audit report.
5. Review with the management, the quarterly financial statements before submission to the Board for approval;
6. Review with the management, the statement of uses / application of funds, if any, raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/

## DIRECTORS' REPORT (Contd...)

prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of Internal Financial Controls and Risk Management Systems;
12. Review with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
13. Review 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;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Review 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;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. Review the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. Review the functioning of the whistle blower mechanism;
19. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;

20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee under the Act and the SEBI Listing Regulations.

21. reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

### B. Composition, Meetings and attendance:

During the financial year ended March 31, 2021, the audit committee met four times on June 25, 2020, August 20, 2020, November 03, 2020 and February 02, 2021. The maximum time gap between any two meetings was not more than one hundred and twenty days. The composition and details of attendance of members of the Committee are given as under:

Name of the Member	Position	Category	No. of Meetings attended
Mr. Ishwarlal A. Patel	Chairman	Independent Director	4 out of 4
Mr. Pirabhai R. Suthar	Member	Independent Director	4 out of 4
Mr. Munjal M. Patel	Member	Executive Director	3 out of 4

- The constitution of the committee is in accordance with the applicable provisions of the Act and SEBI Listing Regulations as amended.
- The committee invites the representatives of the statutory and internal auditor(s). Further, the chief financial officer also attends the audit committee meeting(s). The Company Secretary acts as a secretary to the audit committee.
- The Chairman of audit committee was present at the last AGM held on September 30, 2020.

### 4. Nomination and Remuneration Committee:

#### A. Brief description of Terms of Reference:

The terms of reference of the Nomination and Remuneration Committee are in line with Regulation 19 read with Part D of Schedule II of the SEBI Listing Regulations and Section 178 of the Act:

- a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.

## DIRECTORS' REPORT (Contd...)

- b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- c) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

The role of the Nomination and Remuneration inter alia includes the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
2. Formulation of criteria for evaluation of performance of Independent Directors and the Board;
3. Devising a policy on diversity of the Board;
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 their appointment and removal.
5. Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

### B. Composition, meetings and attendance:

During the financial year ended March 31, 2021, nomination and remuneration committee met two times on June 25, 2020 and August 20, 2020. The company secretary acts as the secretary to the Committee. The composition and details of attendance of members of the Committee are given as under:

Name of the Member	Position	Category	No. of Meetings attended
Mr. Ishwarlal A. Patel	Chairman	Independent Director	2 out of 2
Mr. Pirabhai R. Suthar	Member	Independent Director	2 out of 2
Ms. Meha Patel	Member	Independent Director	1 out of 2

The composition of the committee is in compliance of the provisions of the Act and SEBI Listing Regulations as amended.

### C. Performance evaluation criteria for Independent Directors:

The performance of the independent director is evaluated based on the criteria such as knowledge, experience, integrity, expertise in any area, number of Board / Committee meetings attended, time devoted to the Company, his participation in the Board / Committee meetings etc. The Performance evaluation of the Independent Directors was carried out by the Board and while evaluating the performance of the Independent Directors, the Director who was subject to the evaluation did not participate.

### 5. Stakeholders Relationship Committee:

#### A. Brief description of Terms of Reference:

The role and brief terms of reference of the Stakeholders Relationship Committee are as per Section 178 (5) of the Act and Regulation 20 read with Part D of Schedule II of SEBI Listing Regulations, the Company has in place, a Stakeholders' Relationship Committee ("SRC").

The terms of reference of the Stakeholders Relationship Committee are as under:

1. Resolving the grievances of the security holders, including complaints related to transfer/ transmission of shares, non-receipt of Annual Report, non-receipt of declared dividends, non-receipt of new/duplicate certificates, 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 and 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.

#### B. Constitution and attendance:

During the financial year ended March 31, 2021, stakeholder's relationship committee met six times on

## DIRECTORS' REPORT (Contd...)

September 21, 2020, October 12, 2020, October 19, 2020, October 27, 2020, December 02, 2020 and December 19, 2020. The composition of the Committee is in compliance of the provisions of the Act and SEBI Listing Regulations as amended and details of attendance of members of the Committee at the meetings are given as under:

Name of the Member	Position	Category	No. of Meetings attended
Mr. Ishwarlal A. Patel	Chairman	Independent Director	6 out of 6
Mr. Mahendra G. Patel	Member	Executive Director	6 out of 6
Mr. Hasmukh I. Patel	Member	Executive Director	6 out of 6

### C. Status Report of Investor Complaints during the year:

Status of Investor Complaints as on March 31, 2021 as reported under Regulation 13 (3) of the SEBI Listing Regulations is as under:

Number of complaints at the beginning of the year	NIL
Number of complaints received during the year	NIL
Number of Complaints resolved during the year	NIL
Number of complaints pending at the ending of the year	NIL

### D. Name, Designation and Contact Details of the Compliance officer:

**Mr. Niren Desai**, Company Secretary and Compliance Officer,

**Lincoln Pharmaceuticals Limited**, Regd. Office: "LINCOLN HOUSE", Behind Satyam Complex, Science City Road, Sola, Ahmedabad – 380060, Gujarat, India. Ph. No.: +91-79-4107-8000, E-Mail: investor@lincolnpharma.com.

### 6. Risk Management Committee:

With effect from May 05, 2021, the provision risk management committee ("RMC") has become applicable to top thousand companies based on market capitalization (calculated as on March 31 of immediate previous financial year). Pursuant to the amendment in the SEBI Listing Regulations the board of directors at its Meeting held on May 25, 2021 has constituted a Risk Management Committee.

### A. Brief description of Terms of Reference:

The terms of reference of RMC articulates the roles, responsibilities and powers of the RMC under Regulation 21 read with Schedule II (Part D) of the SEBI Listing Regulations, besides other terms as may be referred to by the board of directors from time to time.

The terms of reference of the RMC are as under:

1. To consider, review and recommend the Risk Management Policy, guidelines, processes and practices of the Company.
2. To ensure that the Company is taking the appropriate measures to achieve balance between the risk and reward in ongoing and new business activities.
3. To evaluate significant risk exposures of the Company and assess management's actions to mitigate the exposures in a timely manner.
4. To coordinate its activities with the Audit Committee in instances of overlap with audit activities.
5. To provide periodical reports/ recommendations to the Board of Directors.
6. To adopt best method in the interest of the Company to deal with different kinds of risks being confronted by the Company.

### B. Composition, meetings and attendance:

Since the Committee was constituted on May 25, 2021 in terms of the SEBI Listing Regulations duly amended with effect from May 05, 2021, no meeting of the committee was held during the year under review. The composition and details of attendance of members of the committee are given as under:

Name of the Member	Position	Category	No. of Meetings attended
Mr. Ishwarlal A. Patel	Chairman	Independent Director	NA
Mr. Munjal M. Patel	Member	Executive Director	NA
Mr. Darshit A. Shah	Member	Chief Financial Officer	NA



## DIRECTORS' REPORT (Contd...)

### 7. Corporate Social Responsibility (CSR) Committee:

In line with the provisions of Section 135 of the Act, read with Schedule VII of the Act, the board has constituted the CSR committee for the purpose of determining the activities to be undertaken by the Company towards the CSR.

#### A. Brief description and terms of reference:

The terms of reference of CSR articulates the roles, responsibilities and powers of the CSR under Section 135 read with Schedule VII of the Act, besides other terms as may be referred to by the board of directors from time to time.

#### B. Composition, attendance at the meetings during the year:

During the financial year ended March 31, 2021, CSR committee met two times. The constitution of the committee is in compliance of the provisions of the Act. The composition and details of attendance of members of the Committee are as under:

Name of the Member	Position	Category	No. of Meetings attended
Mr. Ishwarlal A. Patel	Member	Independent Director	2 out of 2
Mr. Mahendra G. Patel	Member	Executive Director	2 out of 2
Mr. Munjal M. Patel	Member	Executive Director	1 out of 1

### 8. Remuneration Policy on Directors' Appointment:

As per Section 178 of the Act, the Nomination and Remuneration Committee recommended the policy relating to the remuneration of Directors, Key Managerial Personnel and other employees which was approved by the Board. The below mentioned is the Appointment and Remuneration policy as adopted by the Board:

#### A. Criteria determining the qualifications, positive attributes and independence of a Director and Policy for appointment and removal:

##### INDEPENDENT DIRECTORS:

##### • Qualifications of Independent Director:

An Independent director shall possess appropriate skills, experience and knowledge in one or more fields of medical, finance, law, management, sales,

marketing, administration, research, corporate governance, operations or other disciplines related to the company's business.

##### • Positive attributes of Independent Directors:

An independent director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the company in implementing the best corporate governance practices.

##### • Independence of Independent Directors:

An Independent director should meet the requirements of Section 149, Schedule IV of the Act, and Regulation 16 (1) (b) of SEBI Listing Regulations as amended from time to time. .

#### OTHER DIRECTORS AND SENIOR MANAGEMENT:

- The Nomination and Remuneration Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director or at Senior Management level and recommend to the Board his / her appointment.
- A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The said Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years. Moreover any person appointed shall not continue in the Company if the evaluation of his performance is not satisfactory to the said committee.

## DIRECTORS' REPORT (Contd...)

### RATIONALE FOR REMUNERATION FRAMEWORK:

- **Internal Ratios:** The Compensation package for employees at levels lower than Executive Directors should be revised in the form of performance increments, structural improvements and Cost of Living Adjustments at regular intervals. This will lead to a compressing of the compensation differential between the lowest and highest levels of executive management.
- **Compliance & Risk Parameters:** In view of company law regulations, the compliance roles of Executive Directors far outweigh that of any other level, and consequently the risk parameters associated with these jobs are of a significantly higher level as compared to the junior levels and accordingly the remuneration should be paid.

### B. Remuneration Pattern:

#### Executive Directors:

**Structure:** A summary of the structure set is as mentioned below:

Components	Item	Description	Policy
Base Salary	<ul style="list-style-type: none"> <li>Reflects the person's experience, criticality of the role with the Company and the risk factor involved</li> </ul>	<ul style="list-style-type: none"> <li>Consolidated Salary fixed for each financial year</li> <li>This component is also used for paying retiral benefits</li> <li>Paid on a monthly basis</li> </ul>	Normally positioned as the highest as compared to the other components.
Short-term incentive	<ul style="list-style-type: none"> <li>Based totally on the performance of the Director</li> </ul>	<ul style="list-style-type: none"> <li>Variable component of the remuneration package</li> <li>Paid on an annually basis</li> </ul>	Determined by the Nomination and Remuneration Committee after year-end based on the evaluation of performance against the pre-determined financial and non- financial metrics
Long-term incentive	<ul style="list-style-type: none"> <li>Drive and reward delivery of sustained long-term performance</li> </ul>	<ul style="list-style-type: none"> <li>Variable long-term remuneration component.</li> </ul>	Determined by the Nomination and Remuneration Committee and distributed on the basis of time, level and performance
Retiral Benefits	<ul style="list-style-type: none"> <li>Provide for sustained contribution</li> </ul>	<ul style="list-style-type: none"> <li>Accrues depending on length on service.</li> </ul>	Paid post separation from the Company as per the Rules of the Provident Fund and Gratuity Acts

### Key Management Personnel and senior Management and Other Employees:

- "Senior Management" shall mean, all the officers / personnel of the Company involved in the core management team and all the members excluding the Board of Directors of the management that are one level below CEO / MD / WTD / Manager and includes the Chief financial officer and Company Secretary of the Company.
- The remuneration package of the Key Management and Senior Management and Other Employees comprises of:
  - **Fixed Remuneration:** This includes a Monthly Salary such as Consolidated Pay, Variable House Rent Allowance, Compensatory Allowance, Utility Allowance, Interest Subsidy on Housing Loans;
  - **Annual Allowances:** This consists of Leave Travel Allowance, Medical Reimbursement and House Maintenance Allowance.
  - **Retirals:** This includes Provident Fund, Gratuity and Superannuation, if any.

## DIRECTORS' REPORT (Contd...)

### Non-Executive Directors:

The Remuneration to the Non-Executive Directors should be determined as per the provisions of the Act, and related rules framed there under. However the Nomination and Remuneration Committee may from time to time suggest the payment and revision in the same as and when necessary.

### C. Remuneration of Directors:

The total remuneration package is designed to provide an appropriate balance between fixed and variable components with focus on performance related pay so that strong performance is incentivized but without encouraging excessive risk.

The Board has approved a policy for director's appointment and remuneration in the meeting held on August 14, 2014. During the year, the Company has reviewed the nomination and remuneration policy in compliance of the provisions of SEBI Listing Regulations and the same has been available on the website of the Company at [www.lincolnpharma.com](http://www.lincolnpharma.com).

- Details of remuneration during the year are as given below:

(₹ in Lakhs)

Name	Service Contract / Period	Position held during the Period	Salary and allowances	Perquisites	*Total Remuneration
Mr. Mahendra G. Patel	3 years commencing from September 30, 2019	Managing Director	25.02	0.29	25.31
Mr. Hashmukh I. Patel	3 years commencing from September 30, 2019	Whole-Time Director	30.15	0.29	30.44
Mr. Ashish R. Patel	3 years commencing from November 14, 2019	Whole-Time Director	43.22	0.29	43.51
Mr. Munjal M. Patel	3 years commencing from November 14, 2019	Whole-Time Director	27.55	0.29	27.84
<b>Total</b>			<b>125.94</b>	<b>1.16</b>	<b>127.10</b>

\*Total Remuneration inclusive Contribution of Employers' Provident Fund.

- All the executive directors have been paid remuneration as per the limits approved by the Board and shareholders of the Company.
- The Company has not paid sitting fees to any Directors of Company.
- Notice Period: The office of the above mentioned Managing Director and Whole Time Directors is terminable by giving six months' notice in writing by either side.

## DIRECTORS' REPORT (Contd...)

### 9. General Body Meetings:

#### A. The details of location, date and time of the last three AGMs held and any special resolutions passed:

Annual General Meeting				
Financial Year Ended	Venue	Date	Time	Particulars of Special Resolution passed
March 31, 2020	Through video conference / other audio visual means	September 30, 2020	11:00 A.M.	1. Approval to continue availing services of Mr. Pirabhai R. Suthar as a Non-Executive Independent Director of the Company on his attaining the age of 75 years.
March 31, 2019	"LINCOLN HOUSE", Behind Satyam Complex, Science City Road, Sola, Ahmedabad-380060.	September 30, 2019	10:30 A.M.	1. Re-Appointment of Mr. Mahendra G. Patel [DIN: 00104706] as a Managing Director. 2. Re-Appointment of Mr. Hashmukh I. Patel [DIN: 00104834] as the Whole Time Director. 3. Re-Appointment of Mr. Munjal M. Patel [DIN: 02319308] as the Whole Time Director. 4. Re-Appointment of Mr. Ashish R. Patel [DIN: 01309017] as the Whole Time Director. 5. Re-Appointment of Ms. Meha Patel [DIN: 07254852] as an Independent Director of the Company.
March 31, 2018	"LINCOLN HOUSE", Behind Satyam Complex, Science City Road, Sola, Ahmedabad-380060.	September 29, 2018	10:30 A.M.	1. Re-Appointment of Mr. Ishwarlal A. Patel as an Independent Director and to continue to avail his services as an Independent Director on his attaining the age of 75 years. 2. Re-Appointment of Mr. Pirabhai R. Suthar as an Independent Director. 3. Approval to continue availing services of Mr. Kishor M. Shah as a Non-Executive Director of the Company on his attaining the age of 75 years. 4. Approve Borrowing Limit under Section 180 (1) (c) of the Act. 5. Approve creating a mortgage/charge on the movable and immovable properties of the Company under Section 180 (a) of the Act. 6. Approval of making investment exceeding the limit under Section 186 of the Act. 7. Approval of entering into related party transactions under Section 188 of the Act.

#### B. Whether any special resolution passed last year through postal ballot:

No special resolution was required to be put through postal ballot last year:

#### C. Whether any special resolution is proposed to be conducted through postal ballot:

No item of business requiring voting by postal ballot is included in the notice convening the AGM / extra ordinary general meeting ("EGM") of the Company.



## DIRECTORS' REPORT (Contd...)

### 10. Means of Communication:

The board believes that effective communication of information is an essential component of Corporate Governance. The Company regularly interacts with members through multiple channels of communication such as results announcement and newspaper publications, annual report, Company's website and specific communications to stock exchanges, where the Company's shares are listed.

<b>Quarterly Results</b>	The quarterly / annually financial results were published in accordance with the requirements of the SEBI listing regulations.
<b>Newspapers wherein results normally published</b>	The quarterly / annually financial were published in the leading english newspapers "The Indian Express" and gujarati newspaper "Financial Express".
<b>Any website, where displayed</b>	The quarterly / annually financial results were displayed on the website of the Company on <a href="http://www.lincolnpharma.com">www.lincolnpharma.com</a>
<b>Whether it also displays official news releases</b>	The official news releases, if any were displayed on the website of the Company on <a href="http://www.lincolnpharma.com">www.lincolnpharma.com</a>
<b>Presentations made to institutional investors or to the analysts</b>	During the year under review, the company has not made any presentation to institutions investors / analysts.

### 11. General Shareholder Information:

<b>AGM with Date, Time and Venue</b>	27 <sup>th</sup> AGM, on or before September 30, 2021 (Thursday), through video conference (VC) or other audio visual means (OAVM) as per the circulars issued by the MCA / SEBI.								
<b>Financial Year</b>	April 01, 2020 to March 31, 2021								
<b>Tentative Schedule for considering Financial Results</b>	Will be published on or before (tentative and subject to change): <table border="1"> <tr> <td>For the quarter ending June 30, 2021</td><td>On or before August 14, 2021</td></tr> <tr> <td>For the quarter ending September 30, 2021</td><td>On or before November 14, 2021</td></tr> <tr> <td>For the quarter ending December 31, 2021</td><td>On or before February 14, 2022</td></tr> <tr> <td>For the quarter ending March 31, 2022</td><td>On or before May 30, 2022</td></tr> </table>	For the quarter ending June 30, 2021	On or before August 14, 2021	For the quarter ending September 30, 2021	On or before November 14, 2021	For the quarter ending December 31, 2021	On or before February 14, 2022	For the quarter ending March 31, 2022	On or before May 30, 2022
For the quarter ending June 30, 2021	On or before August 14, 2021								
For the quarter ending September 30, 2021	On or before November 14, 2021								
For the quarter ending December 31, 2021	On or before February 14, 2022								
For the quarter ending March 31, 2022	On or before May 30, 2022								
<b>Dividend Payment Date</b>	Within statutory period of 30 days from the date of approval of members at the ensuing AGM.								
<b>Listing on Stock Exchanges with Scrip Code</b>	Company's equity shares are listed at: <ol style="list-style-type: none"> <li><b>BSE Ltd. (BSE) – (Scrip Code: 531633)</b> Phiroze JeeJeebhoy Towers, Dalal street, Mumbai - 400 001, Maharashtra, India.</li> <li><b>National Stock Exchange of India Limited – (SYMBOL: LINCOLN)</b> Exchange Plaza, Bandra – Kurla Complex, Bandra (East), Mumbai – 400051, Maharashtra, India.</li> </ol>								
<b>Payment of Listing Fees</b>	The company has paid the listing fees for the financial year 2020-2021 and 2021-2022 to above stock exchanges.								
<b>Whether the securities are suspended from trading</b>	During the year under review, there was no suspension from trading in equity shares of the company.								
<b>Registrar and Share Transfer Agent (for Shares held in both Physical and Demat mode)</b>	<b>LINK INTIME INDIA PRIVATE LIMITED</b> <b>Corporate Office:</b> 5 <sup>th</sup> Floor, 506 to 508, Amarnath Business Centre-1 (ABC-1), Beside Gala Business Centre, Near St. Xavier's Collage Corner, Off C. G. Road, Navrangpura, Ahmedabad – 380 009. <b>Tel.:</b> +91-79-2646-5179 / 3000-2684, <b>Email:</b> <a href="mailto:ahmedabad@linkintime.co.in">ahmedabad@linkintime.co.in</a>								

## DIRECTORS' REPORT (Contd...)

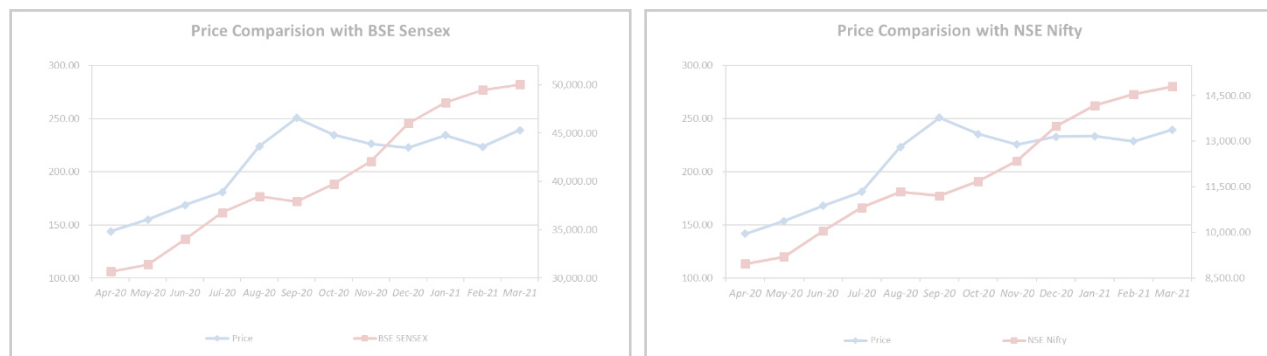
<b>Share Transfer System</b>	<p>As per SEBI notification SEBI/LAD-NRO/GN/2018/24 dated 8<sup>th</sup> June, 2018 read with SEBI Press Release dated 3<sup>rd</sup> December, 2018, the requests for effecting transfer of securities (except in case of transmission or transposition of securities) is not being processed after March 31, 2019, unless the securities are held in the dematerialized form with the depositories. All shares sent for transmission / transposition by the shareholder(s) in physical form are registered by the registrar and share transfer agents as per the SEBI Listing Regulations. In case of any objection(s), the same is normally attended to within 15 days from the receipt of the request provided the documents are in order.</p> <p>Pursuant to the provisions of Regulation 40 (9) of the SEBI Listing Regulations, certificate received from a practicing company secretary which is submitted to the both the stock exchanges, on half yearly basis. Further, certificate of reconciliation of the share capital has been received from a practicing company secretary which is submitted to the both the stock exchanges, on a quarterly basis.</p> <p>For addressing the investors' grievances, email: investor@lincolnpharma.com.</p>
<b>Dematerialization of shares and liquidity</b>	As on March 31, 2021, 1,98,78,990 (99.39%) equity shares of the Company were held in dematerialized form.
<b>Outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity</b>	As on March 31, 2021, there are no outstanding global depository receipts / american depository receipts or warrants or any convertible instruments which impacts on equity.
<b>Commodity price risk or foreign exchange risk and hedging activities</b>	The Company does not trade in commodities. The relevant details of foreign exchange exposure and risk / hedging activities are provided in financial statements.
<b>Plant Locations</b>	The Company's plant is located at 10,12,13, Trimul Estate, At. Khatraj, Ta-Kalol, District – Gandhinagar, Gujarat.
<b>Address for Correspondence</b>	<p>To, The Company Secretary, <b>LINCOLN PHARMACEUTICALS LIMITED</b> "LINCOLN HOUSE", Behind Satyam Complex, Science City Road, Sola, Ahmedabad – 380 060. <b>Ph. No.:</b> +91-79-4107-8000; <b>Fax No.:</b> +91-79-4107-8062, <b>E-mail:</b> investor@lincolnpharma.com; <b>Website:</b> www.lincolnpharma.com</p>
<b>Credit Ratings obtained by the entity along with any revisions thereto during the relevant Financial Year</b>	During the financial year ended March 31, 2021, ICRA has upgraded company's long term and short term ratings which are ICRA A, outlook stable and ICRA A1 respectively.

## DIRECTORS' REPORT (Contd...)

- a) Market Price Data-High / Low during each month in the financial year 2020-2021 on BSE Limited (BSE) and National Stock Exchange of India Limited:

SN	Month – Year	BSE Limited (₹)		National Stock Exchange of India Limited (NSE) (₹)	
		High Price	Low Price	High Price	Low Price
1	April 2020	167.00	120.80	165.10	118.05
2	May 2020	169.45	140.80	168.90	138.30
3	June 2020	184.60	152.80	183.80	151.95
4	July 2020	205.00	157.00	205.00	157.15
5	August 2020	254.90	193.00	254.95	191.70
6	September 2020	283.00	218.50	283.45	218.40
7	October 2020	268.00	201.10	264.90	206.00
8	November 2020	244.00	208.80	244.90	206.05
9	December 2020	254.30	191.40	254.70	211.10
10	January 2021	252.00	216.80	251.90	215.00
11	February 2021	242.00	205.00	242.00	215.40
12	March 2021	259.50	219.00	259.95	219.20

- b) Share Performance of the Company:



- c) The Distribution of Shareholdings as on March 31, 2021 is as under:

No. of Shares	No. of Shareholders	% of holders	No. of Shares	% of Shares
1 – 500	19,034	88.88	20,89,019	10.45
501 – 1000	1,233	5.76	9,97,649	4.99
1001 – 2000	554	2.59	8,41,581	4.21
2001 – 3000	199	0.93	5,15,776	2.58
3001 – 4000	94	0.44	3,41,866	1.71
4001 – 5000	56	0.26	2,54,563	1.27
5001 – 10,000	110	0.51	7,86,116	3.93
10,001 and above	135	0.63	1,41,73,430	70.87
<b>TOTAL</b>	<b>21,415</b>	<b>100.00</b>	<b>2,00,00,000</b>	<b>100.00</b>

## DIRECTORS' REPORT (Contd...)

### d) Shareholding Pattern as on March 31, 2021:

Sr. No.	Category	No. of Shares	(%) of Holding
1	Promoters & Promoter group	74,51,904	37.26
2	Mutual Funds/ UTI / Trust	300	0.00
3	Financial Institutions/Banks / AIF	53	0.00
4	Bodies Corporate	20,58,992	10.29
5	NRI (Repatriable & Non-Repatriable)	9,25,967	4.63
6	Individuals / HUF	94,31,331	47.16
7	Clearing Members	96,723	0.48
9	Central Government (IEPF)	34,730	0.17
	<b>Total</b>	<b>2,00,00,000</b>	<b>100.00</b>

### 12. Other Disclosures:

#### A. Related Party Transactions:

All related party transactions are entered into by the company only after obtaining the prior approval of the audit committee and on arm's length basis with ordinary course of business and do not attract the provisions of section 188 of the Act. There were no materially significant transactions with related parties during the year which were in the conflict of interest of the company.

In terms of the Act, and SEBI Listing Regulations as amended, the Company has adopted a policy to determine related party transactions and has been uploaded on the website of the Company: [www.lincolnpharma.com](http://www.lincolnpharma.com)

#### B. Details of Non-Compliance by the Company:

The Company has complied with the requirements of the regulatory authorities on the matters related to capital market and there were no instances of non-compliance, penalty or strictures imposed on the company by stock exchange or by board or any statutory authority, on any matter related to capital markets, during the last three years.

#### C. Details of establishment of Vigil Mechanism / Whistle Blower Policy:

In accordance with the provisions of Section 177 (9) of the Act, and the Rules made there under read with SEBI Listing Regulations, company has established a vigil mechanism termed as whistle blower policy, for Directors and employees to report concerns about

unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy, which also provides for adequate safeguards against victimization of director(s) / employee(s) who avail of the mechanism and also provide for direct access to the chairman of the audit committee in exceptional cases.

The vigil mechanism / whistle blower policy is devised in such a manner that would enable the stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices. As per the policy no person has been denied the access to the audit committee. The said policy is made available on the website of the Company on [www.lincolnpharma.com](http://www.lincolnpharma.com).

#### D. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:

The Company have complied with the mandatory corporate governance requirements under the SEBI Listing Regulations.

#### E. Policy for determining Material Subsidiaries and dealing with related party transactions:

The policy for determining 'material' subsidiaries and dealing with related party transactions are available on the website of the Company: [www.lincolnpharma.com](http://www.lincolnpharma.com).

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

The Company is not carrying on any commodity business and has not undertaken any commodity hedging activities, hence same are not applicable to the Company.



## DIRECTORS' REPORT (Contd...)

### G. Utilization of funds raised through preferential allotment or qualified institutions placement:

During the year, Company has not raised any funds through preferential allotment or qualified institutions placement.

### H. Certificate from a Practicing Company Secretary on the Board:

A certificate from a company secretary in practice as required under Part C of Schedule V of SEBI Listing Regulations stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of Company by SEBI / Ministry of Corporate Affairs / any such statutory authority as forms part of this corporate governance report.

I. During the year under review, there has been no such incidence where the board has not accepted the recommendation of any committees.

### J. The details of total fees paid on a consolidated basis to the statutory auditors:

(₹ in Lakhs)

Particulars	Fees paid for the FY 2020-2021
Fees paid for Statutory Audit of the Company and its Subsidiary	7.50
Fees paid for other services	3.50
<b>Total</b>	<b>11.00</b>

### K. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- Number of complaints on Sexual harassment received during the year - Nil
- Number of Complaints disposed off during the year - Nil
- Number of cases pending as on end of the Financial Year - Nil

13. All the requirements of corporate governance report of sub paragraphs (2) to (10) of Para C of Schedule V of SEBI Listing Regulations has been duly complied with.

### 14. Adoption of discretionary requirements as specified in Part E of Schedule II of the SEBI Listing Regulations:

With regard to discretionary requirements, the Company has adopted clauses relating to the following:

- Board:** The Company has non – executive chairperson and separate persons were appointed for the post of chairman and managing director.
- Reporting of Internal Auditor:** Internal Auditors will be report directly to the audit committee.
- The Company has moved towards the regime of obtaining the report of auditors with un-modified opinion with respect to the audited financial results (standalone and consolidated) of the Company for the year ended on March 31, 2021.

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

The Company have complied with the requirements specified in regulation 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46 of the SEBI Listing Regulation.

### 16. Declaration of compliance of Code of Conduct:

According to the information provided / available, it is hereby confirmed that all the board members and senior management personnel have affirmed compliance with the code of conduct of the Company during the year. The code of conduct is also posted on the website of the Company i.e. [www.lincolnpharma.com](http://www.lincolnpharma.com).

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

The Company has transferred the un-claimed equity shares in terms of Schedule VI of SEBI Listing Regulations in "Demat Suspense Account" opened for the purpose pursuant to SEBI Circular dated December 16, 2010. The details of Unclaimed Shares in the "Demat Suspense Account" as on March 31, 2021 is as follows:

## DIRECTORS' REPORT (Contd...)

Particulars	Number of shareholders	Number of Equity Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	160	30,130
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	1	200
Number of shareholders to whom shares were transferred from the suspense account during the year	1	200
Aggregate number of shareholders and the outstanding shares lying in the suspense account at the end of the year	175	34,730

The voting rights in respect of the said shares will be frozen till the time rightful owner claims such shares.

### 18. Code of conduct to regulate, monitor and report trading by insiders:

The Company has adopted a code to regulate, monitor and report trading by insiders under SEBI (Prohibition of Insider Trading Regulations), 2015 and the Board reviews the same on need basis.

**FOR AND ON BEHALF OF THE BOARD  
FOR LINCOLN PHARMACEUTICALS LIMITED**

**M. G. PATEL  
MANAGING DIRECTOR  
DIN: 00104706**

**H. I. PATEL  
WHOLE-TIME DIRECTOR  
DIN: 00104834**

**AHMEDABAD, MAY 25, 2021**

## DIRECTORS' REPORT (Contd...)

### DECLARATION ON ADHERENCE WITH COMPANY'S CODE OF CONDUCT

[Pursuant to Regulation 34(3) and Schedule V of Securities and Exchange Board of India  
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

To  
The Members of,  
**Lincoln Pharmaceuticals Limited**

This is to confirm that the company has adopted code of conduct and ethics for all the members of board of directors, senior management personnel of the company as stipulated under Regulation 17 (5) of the SEBI Listing Regulations, and the members of board of directors, senior management personnel of the Company have affirmed compliance with this code of conduct & ethics for the financial year ended on March 31, 2021.

**FOR LINCOLN PHARMACEUTICALS LIMITED**

**M. G. PATEL**  
**MANAGING DIRECTOR**  
**DIN: 00104706**

**AHMEDABAD, MAY 25, 2021**

### CEO AND CFO CERTIFICATE

To,  
The Board of Directors,  
**Lincoln Pharmaceuticals Limited**

We hereby certify that:

- a) We have reviewed Audited Financial Statements for the financial year Ended March 31, 2021 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee that there are no:
  - (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the company's internal control system over financial reporting.

**FOR LINCOLN PHARMACEUTICALS LIMITED**

**M. G. PATEL**  
**MANAGING DIRECTOR**  
**DIN: 00104706**

**D. A. SHAH**  
**CHIEF FINANCIAL OFFICER**

**AHMEDABAD, MAY 25, 2021**

## DIRECTORS' REPORT (Contd...)

### CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members,  
**LINCOLN PHARMACEUTICALS LIMITED,**  
"LINCOLN HOUSE", Behind Satyam Complex,  
Science City Road, Sola, Ahmedabad 380060

I have examined the compliance of conditions of Corporate Governance by Lincoln Pharmaceuticals Limited for the Year Ended on March 31, 2021 as stipulated in Regulation 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

The compliance of conditions of corporate governance is the responsibility of the management. My examination

was limited to 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 my opinion and to the best of my information and according to the explanations given to me, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned SEBI Listing Regulations.

I state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**FOR VISHWAS SHARMA & ASSOCIATES  
COMPANY SECRETARIES**

**VISHWAS SHARMA  
PROPRIETOR**

**M. NO.: 33017 CP NO: 16942  
UDIN: A033017C000366449**

**AHMEDABAD, MAY 25, 2021**

### 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,  
**LINCOLN PHARMACEUTICALS LIMITED,**  
"LINCOLN HOUSE", Behind Satyam Complex,  
Science City Road, Sola, Ahmedabad 380060

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of LINCOLN PHARMACEUTICALS LIMITED (CIN: L24230GJ1995PLC024288) and having registered office at "LINCOLN HOUSE", Behind Satyam Complex Science City Road, Sola Ahmedabad 380060 (hereinafter referred to as "the Company"), produced before me 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 my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on March 31, 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.



## DIRECTORS' REPORT (Contd...)

Sr. No.	Name of Directors	DIN	Date of Appointment in Company
1.	Mahendrabhai Gulabdas Patel	00104706	January 20, 1995
2.	Rajanikant Gulabdas Patel	00104786	January 20, 1995
3.	Hashmukhbhai Ishwarlal Patel	00104834	January 20, 1995
4.	Arvindbhai Gulabdas Patel	00104885	February 03, 1995
5.	Ashish Rajanikant Patel	01309017	November 14, 2014
6.	Munjal Mahendrabhai Patel	02319308	November 14, 2014
7.	Kishor Meghji Shah	02769085	August 16, 1995

Sr. No.	Name of Directors	DIN	Date of Appointment in Company
8.	Ishwarlal Ambalal Patel	00217324	February 03, 1995
9.	Pirabhai Ramjibhai Suthar	00453047	October 30, 1999
10.	Saurin JJagdishbhai Parikh	02136530	March 27, 2018
11.	Meha Patel	07254852	August 04, 2015

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on this based on my 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 VISHWAS SHARMA & ASSOCIATES  
COMPANY SECRETARIES**

**VISHWAS SHARMA  
PROPRIETOR**

**M. NO.: 33017 CP NO: 16942  
UDIN: A033017C000366471**

**AHMEDABAD, MAY 25, 2021**

## INDEPENDENT AUDITOR'S REPORT

To,  
The Members of  
**Lincoln Pharmaceuticals Limited**

### Report on the Audit of the Standalone Financial Statements

#### Opinion

1. We have audited the Standalone Financial Statements of **Lincoln Pharmaceuticals Limited** ("the Company"), which comprise the Balance Sheet as at **31<sup>st</sup> March, 2021**, and the Statement of Profit and Loss, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the state of affairs of the Company as at 31<sup>st</sup> March 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities 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 standalone financial statements under the provisions of the Companies Act, 2013 and the Rules there under and we have fulfilled our 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 opinion.

#### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment were, of most significance in our audit of the, standalone financial statements of the current period.

These matters were addressed in the context of our audit, of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion, on these matters.

5. Key audit matter identified in our audit is on recoverability assessment of trade receivables as follows:

Key audit matter	How our audit addressed the key audit matter
<b>Measurement of Expected Credit Loss on Trade Receivables</b>	
Trade receivables amount to ₹ 10,223.44 Lakhs after providing for an impairment based on expected credit loss method of ₹ 170.39 Lakhs. The measurement of expected credit loss is based on provision matrix that identifies receivables on number of days remaining outstanding and empirical data on recoverability. This Provision matrix requires to be updated regularly based on the circumstantial evidences which may result in significant variation in measurement from one period to other.	<p>The management's estimations for impairment based on expected credit loss method, our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Obtained a list of receivables</li> <li>• We analysed the aging of receivables;</li> <li>• Identified any receivables with financial difficulty through discussion with management;</li> <li>• We obtained receivables balance confirmations on a sample basis;</li> <li>• Tested subsequent settlement of receivables after the balance sheet date on a sample basis;</li> <li>• In respect of receivables overdue for a period of 90 days or more, we assessed the recoverability through inquiry with management and by obtaining sufficient corroborative evidence to support the conclusions.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT (Contd...)

### Information other than the Standalone financial statements and Auditors' Report thereon.

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and as may be legally advised.

### Responsibilities of Management and Those Charged with Governance for the Standalone financial statements

7. 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 financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the standalone 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.
9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditors' Responsibilities for the Audit of the Standalone financial statements

10. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
11. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for our 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 company has adequate internal financial control system in place and the operating effectiveness of such controls.

## INDEPENDENT AUDITOR'S REPORT (Contd...)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. 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.
  13. 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.
  14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

15. 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 "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
16. 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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS Specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 the standalone financial statements- Refer Note-44 of financial statement;



## INDEPENDENT AUDITOR'S REPORT (Contd...)

- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For, J.T. Shah & Co.**  
**Chartered Accountants,**  
**[Firm Regd. No. 109616W]**

**Place: Ahmedabad**  
**Date: 25/05/2021**

**(J. J. Shah)**  
**Partner**  
**[M. No. 045669]**  
**UDIN: 21045669AAAAACR1620**

## ANNEXURE “A” TO INDEPENDENT AUDITORS’ REPORT

Referred to in paragraph 15 of “**Report on Other Legal and Regulatory Requirements**” of our Report of even date to the Members of **Lincoln Pharmaceuticals Limited** for the year ended **31<sup>st</sup> March, 2021**.

### 1. In respect of Fixed Assets :

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets on the basis of available information.
- (b) As per the information and explanations given to us, the management at reasonable intervals during the year in accordance with a programme of physical verification physically verified the fixed assets and no material discrepancies were noticed on such verification as compared to the available records.
- (c) As explained to us, the title deeds of all the immovable properties are held in the name of the company.

### 2. In respect of its Inventories :

- (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and books records were not material.

### 3. In respect of Loans and Advances granted during the year:

The Company has granted unsecured loans to party covered in the Register maintained under section 189 of the Companies Act, 2013. The details in respect of clause (iii) (a) to (c) of the Order are as under:-

- (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the interest of the company.

- (b) The schedule for repayment of principle has been stipulated and there were no principle amounts due for repayment during the year. Further there was no stipulation in respect of interest on said loans, hence question of regular payment of interest does not arise.
- (c) There is no overdue amount of loans granted to parties covered in the Register maintained under section 189 of the Companies Act, 2013.

### 4. Loans, Investments and guarantees:

In our opinion and according to information and explanations given to us, the Company has complied with provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security during the year under consideration. Therefore clauses (iv) of companies (Auditor's Report) Order, 2016 is not applicable to the company.

### 5. Acceptance of Deposits:

During the year, the company has not accepted any deposits and hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the company. Therefore clauses (v) of companies (Auditor's Report) Order, 2016 is not applicable to the company.

### 6. Cost Records:

Pursuant to the rules made by the central government of India, the Company is required to maintain cost records as specified under section 148(1) of the Act.

We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

### 7. In respect of Statutory Dues :

- (a) According to the records of the Company, the Company is by and large regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, value added tax, wealth tax, service tax, duty of customs, duty of excise, goods and service tax, cess and any other statutory dues with the appropriate authorities applicable

## ANNEXURE "A" TO INDEPENDENT AUDITORS' REPORT (Contd...)

to it except there has been delay in payment of Professional Tax for certain cases. According to the information and explanations given to us, no undisputed amounts payable in respect statutory dues were outstanding as at 31<sup>st</sup> March, 2021 for a period of more than six months from the date they became payable.

- (b) According to the records of the company, there are no dues of provident fund, employees' state insurance, income tax, value added tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and any other statutory dues with the appropriate authorities which have not been deposited on account of dispute except as under:-

Name of the Statute	Nature of the Dues	Financial Year	Amount Rs. in lakhs	Forum where dispute is pending
Income Tax Act, 1961	Income Demand & due Interest thereon	2016-17	30.19	Commissioner of Income Tax (Appeals)

8. Based on our audit procedure and according to the information and explanation given to us, we are of the opinion that during the year the Company has not defaulted in repayment of dues to a Financial Institutions or Banks. The Company has no debenture holder borrowing during the year.
9. According to the information and explanations given to us, the company had not raised any money by way of public issue during the year. According to the information and explanations given to us, and on an overall examination of the balance sheet of the company, in our opinion, the term loans taken during the year were applied for the purpose for which they were obtained.
10. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud by the Company or any fraud on the company by its officer or employees has been noticed or reported during the course of our audit.
11. In our opinion and according to the information and explanations given to us, the company had paid managerial remuneration which is in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of The Companies Act, 2013.
12. In our opinion and according to the information and explanations given to us, the provisions of special statute applicable to chit funds and nidhi / mutual benefit funds / societies are not applicable to the company. Hence, clause (xii) of the Company's (Auditor's Report) Order, 2016 is not applicable to the company.
13. In our opinion and according to the information and explanations given to us, the transactions entered by the company with related parties are in compliance with the provisions of section 177 and 188 of The Companies Act, 2013 and details thereof are properly disclosed in the standalone financial statements.
14. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, clause (xiv) of the Company's (Auditor's Report) Order, 2016 is not applicable.
15. The company had not entered in to any non-cash transactions with the directors or persons connected with him during the year, and hence clause (xv) of Company's (Auditor's Report) Order, 2016 is not applicable to the company.
16. According to the information and explanation given to us, the company is not required to registered under section 45-IA of Reserve Bank of India Act, 1934, hence clause (xvi) of Company's (Auditor's Report) Order, 2016 is not applicable to the company.

**For, J.T. Shah & Co.**  
**Chartered Accountants,**  
**[Firm Regd. No. 109616W]**

**Place: Ahmedabad**  
**Date: 25/05/2021**

**(J. J. Shah)**  
**Partner**  
**[M. No. 045669]**  
**UDIN: 21045669AAAACR1620**

## ANNEXURE “B” TO INDEPENDENT AUDITORS’ REPORT

Referred to in paragraph 16(f) of “**Report on Other Legal and Regulatory Requirements**” of our Report of even date to the Members of **Lincoln Pharmaceuticals Limited** for the year ended **31<sup>st</sup> March, 2021**.

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

We have audited the internal financial controls over financial reporting of **Lincoln Pharmaceuticals Limited** as of **31<sup>st</sup> March 2021**, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the standalone financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial



## ANNEXURE “B” TO INDEPENDENT AUDITORS’ REPORT (Contd...)

control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial

reporting were operating effectively as at 31<sup>st</sup> March 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For, J.T. Shah & Co.**  
**Chartered Accountants,**  
**[Firm Regd. No. 109616W]**

**Place: Ahmedabad**  
**Date: 25/05/2021**

**(J. J. Shah)**  
**Partner**  
**[M. No. 045669]**  
**UDIN: 21045669AAAACR1620**

## Balance Sheet as at March 31, 2021

(₹ in Lakhs)			
Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
<b>A ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	5	8,922.72	9,036.00
(b) Right to use asset	5A	27.54	29.70
(c) Capital work-in-progress	6	134.13	4.03
(d) Other intangible assets	7	39.80	36.93
(e) Financial assets			
(i) Investments	8	2,573.62	2,578.62
(ii) Loans	9	2,509.44	1,478.17
(iii) Other financial assets	10	1,550.11	1,684.03
(f) Other Non-current assets	11	539.14	335.75
<b>Total Non - current assets</b>		<b>16,296.49</b>	<b>15,183.24</b>
<b>2 Current assets</b>			
(a) Inventories	12	4,026.65	3,753.73
(b) Financial assets			
(i) Investments	13	8,066.47	3,421.63
(ii) Trade receivables	14	10,223.45	9,099.52
(iii) Cash and cash equivalents	15	1,012.54	892.29
(iv) Loans	16	1,836.00	1,441.70
(v) Other bank balances	17	240.28	228.91
(vi) Other financial assets	18	176.66	123.01
(c) Current tax assets (Net)	19	Nil	Nil
(d) Other current assets	20	1,990.40	2,576.84
<b>Total Current assets</b>		<b>27,572.45</b>	<b>21,537.63</b>
<b>Total Assets (1+2)</b>		<b>43,868.94</b>	<b>36,720.87</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>1 EQUITY</b>			
(a) Share capital	21	2,000.00	2,000.00
(b) Other equity	22	34,495.31	28,449.49
<b>Total Equity</b>		<b>36,495.31</b>	<b>30,449.49</b>

## Balance Sheet as at March 31, 2021 (Contd...)

(₹ in Lakhs)			
Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
<b>LIABILITIES</b>			
<b>2 Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	23	14.46	51.97
(ii) Other financial liabilities	24	429.13	405.22
(b) Deferred tax liabilities (Net)	25	325.76	267.29
(c) Other Non Current Liabilities		Nil	Nil
<b>Total Non-current liabilities</b>		<b>769.35</b>	<b>724.48</b>
<b>3 Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	26	Nil	383.32
(ii) Trade payables	27		
- Total outstanding dues of micro and small enterprises		700.05	654.39
- Total outstanding dues of creditors other than micro and small enterprises		4,307.94	3,545.49
(iii) Other financial liabilities	28	852.67	596.95
(b) Other current liabilities	29	440.80	250.03
(c) Provisions	30	16.10	43.60
(d) Current tax liabilities (Net)	31	286.72	73.12
<b>Total Current liabilities</b>		<b>6,604.28</b>	<b>5,546.90</b>
<b>Total Equity and Liabilities (1+2+3)</b>		<b>43,868.94</b>	<b>36,720.87</b>
<b>Summary of significant accounting policies</b>	4		

As per our report of even date attached herewith.

**For, J. T. Shah & Co**  
**Chartered Accountants**  
**(Firm Regd. No.109616W)**

**[J. J. Shah]**  
**Partner**  
**(M.No. 045669)**  
**UDIN:21045669AAAACR1620**

Place : Ahmedabad  
 Date: 25/05/2021

For and on behalf of the Board of Directors of  
**Lincoln Pharmaceuticals Limited**

**(Mahendra G. Patel)**  
 (Managing Director)  
 (DIN : 00104706)

**(Darshit A. Shah)**  
 (Chief Financial Officer)

Place: Ahmedabad  
 Date: 25/05/2021

**(Hashmukh I. Patel)**  
 (Whole Time Director)  
 (DIN : 00104834)

**(Niren A. Desai)**  
 (Company Secretary)  
 (M. No. A60285)

## Statement of Profit and Loss for the year ended March 31, 2021

(₹ in Lakhs)			
Particulars	Note No.	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>I</b> Revenue from operations	32	41,305.52	37,608.83
<b>II</b> Other income	33	676.61	1,213.09
<b>III Total income (I + II)</b>		<b>41,982.13</b>	<b>38,821.92</b>
<b>IV EXPENSES</b>			
(a) Cost of materials consumed	34	9,550.36	10,197.06
(b) Purchases of stock-in-trade	35	10,400.21	9,066.22
(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	36	134.77	(585.50)
(d) Employee benefit expense	37	5,646.83	5,489.91
(e) Finance costs	38	143.78	198.36
(f) Depreciation and amortisation expense	39	566.59	546.94
(g) Other expenses	40	7,438.35	7,503.27
<b>Total Expenses</b>		<b>33,880.89</b>	<b>32,417.26</b>
<b>V Profit before tax (III- IV)</b>		<b>8,101.24</b>	<b>6,404.66</b>
<b>VI Tax Expense</b>			
(a) Current tax	41	2,022.13	1,470.01
(b) Deferred tax liability / (assets)	41	56.33	(23.63)
(c) Short/(Excess) Provision of Tax	41	(17.83)	1.92
<b>Total tax expense</b>		<b>2,060.63</b>	<b>1,448.30</b>
<b>VII Profit for the year (V - VI)</b>		<b>6,040.61</b>	<b>4,956.36</b>
<b>VIII Other comprehensive income</b>			
Items that will not be reclassified to Statement of profit and loss			
a) Remeasurements of the defined benefit plans	42	7.35	(61.99)
b) Income tax relating to items (a) above	42	(2.14)	18.05
<b>IX Total other comprehensive income</b>		<b>5.21</b>	<b>(43.94)</b>
<b>X Total comprehensive income for the year (VII+IX)</b>		<b>6,045.82</b>	<b>4,912.42</b>
<b>XI Basic &amp; diluted earnings per share of face value of ₹ 10 each fully paid up.</b>			
(a) Basic	52	30.20	24.78
(b) Diluted	52	30.20	24.78

As per our report of even date attached herewith.

**For, J. T. Shah & Co**  
Chartered Accountants  
(Firm Regd. No.109616W)

**[J. J. Shah]**  
Partner  
(M.No. 045669)  
UDIN:21045669AAAACR1620

Place : Ahmedabad  
Date: 25/05/2021

For and on behalf of the Board of Directors of  
**Lincoln Pharmaceuticals Limited**

**(Mahendra G. Patel)**  
(Managing Director)  
(DIN : 00104706)

**(Darshit A. Shah)**  
(Chief Financial Officer)

Place: Ahmedabad  
Date: 25/05/2021

**(Hashmukh I. Patel)**  
(Whole Time Director)  
(DIN : 00104834)

**(Niren A. Desai)**  
(Company Secretary)  
(M. No. A60285)



## Statement of Cash Flow for the year ended March 31, 2021

(₹ in Lakhs)		
Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Cash flow from operating activities</b>		
Profit before tax	8,101.24	6,404.66
<b>Adjustments for :</b>		
Depreciation and amortisation expense	566.59	546.94
Finance costs	143.78	198.36
Provision for Expected Credit Loss	9.64	3.45
Bad debt written off	Nil	180.11
Rate & Taxes	80.80	Nil
MTM (gain) / loss on fair valuation of derivative financial instruments	(52.25)	45.60
Loss on sale of Property, Plant & Equipment (Net)	5.26	4.02
Interest income	(327.49)	(255.73)
Dividend income	(2.80)	Nil
Share of profit from subsidiaries	(7.92)	(5.36)
(Gain) / Loss on fair valuation of Mutual Funds	(238.30)	(169.98)
Gain on sale of Current Investment	(6.69)	(9.57)
<b>Operating profit before working capital changes</b>	<b>8,271.86</b>	<b>6,942.50</b>
<b>Changes in operating assets and liabilities:</b>		
(Increase)/Decrease in Inventories	(272.92)	(806.33)
(Increase)/Decrease in Trade receivables	(1,133.57)	2,016.85
(Increase)/Decrease in Other Non Current Financial Assets	283.46	(3.78)
(Increase)/Decrease in Other Current Financial Assets	(16.79)	1.60
(Increase)/Decrease in Other non current assets	(16.56)	(18.89)
(Increase)/Decrease in Other current assets	586.44	(288.96)
Increase/(Decrease) in Trade payable	808.11	629.07
Increase/(Decrease) in Other current financial liabilities	284.47	(197.19)
Increase/(Decrease) in Other non current financial liabilities	23.91	37.74
Increase/(Decrease) in Other current liabilities	190.77	174.85
Increase/(Decrease) in Short-term Provisions	(20.15)	(18.40)
<b>Cash flow generated from operations</b>	<b>8,989.01</b>	<b>8,469.05</b>
Direct taxes paid (net)	(1,848.01)	(1,398.05)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>7,141.00</b>	<b>7,071.00</b>
<b>Cash flows from investing activities</b>		
Purchase of Property, Plant and Equipment	(828.47)	(666.87)
Proceeds from sale of Property, Plant and Equipments	6.51	50.76
(Increase)/Decrease in Margin Money Deposit	(50.54)	(17.27)
(Increase)/Decrease in Non current Loan	(1,031.27)	101.08

## Statement of Cash Flow for the year ended March 31, 2021 (Contd...)

(₹ in Lakhs)		
Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
(Increase)/Decrease in Current Loan	(394.30)	(1,266.70)
Interest received	198.86	139.73
Dividend received	2.80	Nil
Sale of Current Investment	1,050.41	600.00
Purchase of Current Investment	(5,450.27)	(2,035.00)
Amount received from Equity Instrument of Subsidiary on voluntarily wound up	5.00	195.00
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>(6,491.26)</b>	<b>(2,899.27)</b>
<b>Cash flows from financing activities</b>		
Proceeds of Long term borrowings	Nil	40.00
Repayment of Long-term borrowings	(34.17)	(305.37)
Proceeds of Short term borrowings	Nil	Nil
Repayment of Short-term borrowings	(383.32)	(2,626.05)
Dividend paid on equity shares (incl. tax thereon)	Nil	(723.33)
Finance costs Paid	(112.00)	(195.62)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>(529.49)</b>	<b>(3,810.38)</b>
<b>NET INCREASED IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>120.25</b>	<b>361.35</b>
Cash and cash equivalents at the beginning of the year	892.29	530.94
<b>Cash and cash equivalents at the end of the year</b>	<b>1,012.54</b>	<b>892.29</b>

### Notes:

- (i) Components of cash and cash equivalents at each balance sheet date:

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Cash on hand	30.12	34.35
Balances with Bank	982.42	857.94
<b>Total Cash and cash equivalents (Refer Note No. 15)</b>	<b>1,012.54</b>	<b>892.29</b>

- (ii) The above cash flow statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard - 7 Cash Flow Statements specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

### See accompanying notes forming part of the Financial Statements

As per our report of even date attached herewith.

**For, J. T. Shah & Co**  
Chartered Accountants  
(Firm Regd. No.109616W)

For and on behalf of the Board of Directors of  
**Lincoln Pharmaceuticals Limited**

**(Mahendra G. Patel)**  
(Managing Director)  
(DIN : 00104706)

**(Hashmukh I. Patel)**  
(Whole Time Director)  
(DIN : 00104834)

**[J. J. Shah]**  
Partner  
(M.No. 045669)  
UDIN:21045669AAAACR1620

**(Darshit A. Shah)**  
(Chief Financial Officer)

**(Niren A. Desai)**  
(Company Secretary)  
(M. No. A60285)

Place : Ahmedabad  
Date: 25/05/2021

Place: Ahmedabad  
Date: 25/05/2021

## Statement of Changes in Equity for the year ended March 31, 2021

### Equity Share Capital

(₹ in Lakhs)

Particulars	Note No.	Amount
Balance as on 1st April, 2019	21	2,000.00
Changes during the year		Nil
Balance as on 31st March, 2020	21	2,000.00
Changes during the year		Nil
Balance as on 31st March, 2021	21	2,000.00

### Other Equity

(₹ in Lakhs)

Particulars	Note No.	Reserves and Surplus			Capital Reserve	Money received against share warrants	Equity Securities Premium	Total
		Retained Earnings		General Reserve				
		Profit and Loss	Other Comprehensive Income					
Balance as at 1st April, 2019	22	17,009.34	13.20	741.22	35.00	Nil	6,461.66	24,260.41
Profit for the year		4,956.36	Nil	Nil	Nil	Nil	Nil	4,956.36
Other comprehensive income for the year (net of Tax)		Nil	(43.94)	Nil	Nil	Nil	Nil	(43.94)
Payment of Dividends		(300.00)	Nil	Nil	Nil	Nil	Nil	(300.00)
Tax on Dividends		(61.67)	Nil	Nil	Nil	Nil	Nil	(61.67)
Payment of Interim Dividends		(300.00)	Nil	Nil	Nil	Nil	Nil	(300.00)
Tax on Interim Dividends		(61.67)	Nil	Nil	Nil	Nil	Nil	(61.67)
Transfer to General Reserve		(50.00)	Nil	50.00	Nil	Nil	Nil	Nil
Balance as at 31st March, 2020	22	21,192.36	(30.74)	791.22	35.00	Nil	6,461.66	28,449.49
Profit for the year		6,040.61	Nil	Nil	Nil	Nil	Nil	6,040.61
Other comprehensive income for the year (net of Tax)		Nil	5.21	Nil	Nil	Nil	Nil	5.21
Transfer to General Reserve		(50.00)	Nil	50.00	Nil	Nil	Nil	Nil
Balance as at 31st March, 2021	22	27,182.97	(25.53)	841.22	35.00	Nil	6,461.66	34,495.31

As per our report of even date attached herewith.

**For, J. T. Shah & Co**  
**Chartered Accountants**  
**(Firm Regd. No.109616W)**

**[J. J. Shah]**  
**Partner**  
**(M.No. 045669)**  
**UDIN:21045669AAAACR1620**

Place : Ahmedabad  
 Date: 25/05/2021

For and on behalf of the Board of Directors of  
**Lincoln Pharmaceuticals Limited**

**(Mahendra G. Patel)**  
 (Managing Director)  
 (DIN : 00104706)

**(Darshit A. Shah)**  
 (Chief Financial Officer)

Place: Ahmedabad  
 Date: 25/05/2021

**(Hashmukh I. Patel)**  
 (Whole Time Director)  
 (DIN : 00104834)

**(Niren A. Desai)**  
 (Company Secretary)  
 (M. No. A60285)

## Notes to financial statement

for the year ended March 31, 2021

### 1. Corporate information:

The Lincoln Pharmaceuticals Limited ('the Company') is a listed company, incorporated on January 20, 1995 under the provisions of the Companies Act 1956, having its registered office in the Ahmedabad, Gujarat, India. The shares of the company are listed on BSE and NSE. The Company is engaged in the business of manufacturing and trading of pharmaceutical products. The Company has manufacturing plant located in state of Gujarat.

These financial statements are presented in Indian rupee with figures rounded off to nearest rupee except otherwise indicated and same were approved by board of the Company in their meeting held on May 25, 2021.

### 2. Statement of compliance:

The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended read with Section 133 of the Companies Act, 2013.

The current financial statements comprising of Balance Sheet, Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows as at March 31, 2021 have been prepared in accordance with Indian Accounting Standards ('Ind AS') as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The accounting policies are applied consistently to all the periods presented in the financial statements.

### 3. Basis of preparation:

The financial statements have been prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 2013 including Indian Accounting Standards notified there under, except for the following where the fair valuation have been carried out in accordance with the requirements of respective Ind AS:

- Employee defined benefit plans – Plan assets - Refer Note 45
- Financial Instruments recognised at FVTPL or FVTOCI - Refer Note 47

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

### 4. Summary of significant accounting policies:

#### i) Use of estimates:

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in financial statements have been specified in Note 4(ii) below. Accounting estimates could change from period to period. Actual results could differ from estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in financial statements in the period in which the changes are made and, if material, their effects are disclosed in these notes to the individual financial statements.

Critical Accounting Estimates and Judgement used in application of Accounting Policies are specified here-in-after:

#### a. Income Taxes

Significant judgements are involved in determining the provision for Income Taxes, including amount expected to be paid / recovered for uncertain tax positions. (Also refer Note 11, 19 and 31)

#### b. Property, Plant and Equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic



## Notes to financial statement (Contd...)

for the year ended March 31, 2021

depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful life and residual values of the Company's assets are determined by the Management at the time the asset is acquired and reviewed periodically, including at each financial year end. The life is based on historical experience with similar assets as well as anticipation of future events, which may impact their life such as changes in technology. (Refer Note 5)

### c. Impairment of Financial Assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on empirical evidence available without under cost or effort, existing market conditions as well as forward looking estimates at the end of each reporting period. (Refer Note 10 & 18)

### d. Defined Benefit Plan

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligations is determined using actuarial valuation. 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, mortality rates and attrition rate. 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. (Refer Note 45)

### e. Fair Value Measurement of Financial Instruments

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets, where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include consideration of inputs such

as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair values of financial instruments. (Refer Note 47)

### f. Other estimates

The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analysing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

### ii) Revenue Recognition:

#### Revenue from Contracts with Customers

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the transaction price for each separate performance obligation, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The transaction price is net of estimated customer returns, rebates and other similar allowances.

#### a) Sale of Goods

Revenue from the sale of goods is recognized at a point in time when the control of the products has transferred which generally coincides with dispatch of products to customers in case of domestic sales and on the basis of bill of lading in the case of export sales.

Revenue from the sale of goods is recognised when the control of the product is transferred, the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

- The Company has a present right to payment for the asset.
- The Company has transferred physical possession of the asset, whereby the customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset or to restrict the access of other entities to those benefits.

When the consideration is received, before the Company transfers goods to the customer, the Company shall present the consideration as a contract liability.

### b) Rendering of Services

Revenue from divisible service contracts:

- service contracts are recognised over a period of time determined using the percentage completion method, synchronized to the billing schedules agreed by the customers, identical with others in similar business and
- the revenue relating to supplies are measured in line with policy set out in 4(ii)(a).

In respect of indivisible contracts, the revenues are recognised over a period of time, measured as per 4(ii)(b)(i) above.

When the consideration is received, before the Company transfers goods to the customer, the Company shall present the consideration as a contract liability and when the services rendered by the Company exceed the payment, a contract asset is recognised excluding any amount presented as receivable.

### c) Export Incentives

Export entitlements are recognized in the Statement of Profit and Loss when the right to receive credit as per the terms of scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds

### d) Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest

income is accrued on a time basis by reference to the principal amount outstanding and at the effective interest rate. Effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### e) Insurance Claim:

Insurance Claims are recognized to the extent the Company is reasonably certain of their ultimate collection of claim receivable on account of Insurance.

### iii) Property, Plant & Equipment:

#### Property, Plant & Equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods and services, rental to others or for administrative purposes and are expected to be used during more than one period. The cost of an item of property, plant and equipment is recognised as an asset if and only, if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Freehold land is carried at cost less accumulated impairment losses. All other items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost of an item of property, plant and equipment comprises:

- Its purchase price, all costs including financial costs till commencement of commercial production are capitalized to the cost of qualifying assets. Tax credit, if any, are accounted for by reducing the cost of capital goods;
- Any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

An item of property, plant and equipment is de recognised upon disposal or when no future economic benefits are expected to arise from the continued use

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of profit and loss account.

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

### Capital Work-in-progress

Capital work in progress is stated at cost, comprising direct cost, related incidental expenses and attributable borrowing cost and net of accumulated impairment losses, if any. All the direct expenditure related to implementation including incidental expenditure incurred during the period of implementation of a project, till it is commissioned, is accounted as Capital work in progress (CWIP) and after commissioning the same is transferred / allocated to the respective item of property, plant and equipment. Pre-operating costs, being indirect in nature, are expensed to the statement of profit and loss account as and when incurred.

### Compensation for impairment:

The Company recognises compensation from third parties for items of property, plant and equipment that were impaired, lost or given up in profit or loss when the compensation becomes receivable.

### Derecognition of Property, Plant and Equipment:

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss from the derecognition of an item of property, plant and equipment is recognised in the statement of profit and loss account when the item is derecognized.

### iv) Depreciation on Property, Plant & Equipment:

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately on straight-line method. Parts of plant and equipment that are technically advised to be replaced at prescribed intervals / periods of operation, insurance spares and cost of inspection / overhauling are depreciated

separately based on their specific useful life provided these are of significant amounts. The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset. Depreciable amount of an item of property, plant and equipment is arrived at after deducting estimated residual value. The depreciable amount of an asset is allocated on a systematic basis over its useful life. The Company reviews the residual value and useful life at each financial year-end and, if expectations differ from previous estimates, the residual value and useful lives are changed prospectively and accounted for as a change in accounting estimate. Depreciation commences when the item of property, plant and equipment is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is derecognized. The Company review the depreciation method at each financial year-end and if, there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted as a change in accounting estimate on prospective basis.

Depreciation on tangible property, plant and equipment is provided over the useful lives specified as under, further no Depreciation has been provided on Free hold land:-

Nature of Assets	Useful life
	(in Years)
Land (Free Hold)	Nil
Factory Buildings	30
Non Factory Building	
RCC Frame Structure	60
Non RCC Frame Structure	30
Computer	3 / 6
Electrical Installation	10
Furniture & Fixtures	10
Office Equipments	5
Plant & Machinery	5 to 22
Vehicle	5 / 10

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

### v) Intangible Assets and Amortization:

The Company identifies an identifiable non-monetary asset without physical substance as an intangible asset. The Company recognises an intangible asset if it is probable that expected future economic benefits attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. An intangible asset is initially measured at cost unless acquired in a business combination in which case an intangible asset is measured at its fair value on the date of acquisition. The Company identifies research phase and development phase of an internally generated intangible asset. Expenditure incurred on research phase is recognised as an expense in the profit or loss for the period in which incurred. Expenditure on development phase are capitalised only when the Company is able to demonstrate the technical feasibility of completing the intangible asset, the ability to use the intangible asset and the development expenditure can be measured reliably. The Company subsequently measures all intangible assets at cost less accumulated amortisation less accumulated impairment. An intangible asset is amortised on a straight-line basis over its useful life. A rebuttable presumption that the useful life of an intangible asset will not exceed five years from the date when the asset is available for use is considered by the management. Amortisation commences when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is derecognised. The amortisation charge for each period is recognised in profit or loss unless the charge is a part of the cost of another asset. The amortisation period and method are reviewed at each financial year end. Any change in the period or method is accounted for as a change in accounting estimate prospectively. The Company derecognises an intangible asset on its disposal or when no future economic benefits are expected from its use or disposal and any gain or loss on derecognition is recognised in statement of profit and loss account as gain / loss on derecognition of asset.

### vi) Impairment of Non-Financial Assets :

The Company reviews the carrying amount of its Property, Plant and Equipment, including Capital Work in progress of a "Cash Generating Unit" (CGU) at the

end of each reporting period to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the Cash Generating Unit to which the asset belongs.

Recoverable Amount is determined:

- i) In case of individual asset, at higher of the fair value less cost to sell and value in use; and
- ii) In case of cash generating unit (a Company of assets that generates identified, independent cash flows), at the higher of the cash generating unit's fair value less cost to sell and the value in use.

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

### vii) Borrowing Costs:

Interest and other costs that the Company incurs in connection with the borrowing of funds are identified as borrowing costs. The Company capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which it is incurred. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. The Company identifies the borrowings into specific borrowings and general borrowings. Specific borrowings are borrowings that are specifically taken for the purpose of obtaining a qualifying asset. General borrowings include all other borrowings and also the amount outstanding as on the balance sheet date of specific borrowings. Borrowing cost incurred actually on specific borrowings are capitalised to the cost of the qualifying asset. For general borrowings, the Company determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on the qualifying asset based on the weighted average of the borrowing costs applicable to general borrowings. The capitalisation on

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

borrowing costs commences when the Company incurs expenditure for the asset, incurs borrowing cost and undertakes activities that are necessary to prepare the asset for its intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development of a qualifying asset is suspended. The capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

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

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

### viii) Inventories:

#### Raw Materials, Packing Materials, Stores and Spares

Raw Materials, Packing Materials, Stores & Spares and consumables are valued at lower of cost (net of refundable taxes and duties) and net realisable value. The cost of these items of inventory are determined on FIFO basis and comprises of cost of purchase and other incidental costs incurred to bring the inventories to their location and condition. 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.

#### Finished Goods and Work-in-progress

Work-in-progress and finished goods are valued at lower of cost and net realisable value. The cost of work-in-progress and finished goods of inventory is determined on weighted average basis. The cost of work-in-progress and finished goods includes cost of conversion and other costs incurred to bring the inventories to their present location and condition. Obsolete, slow moving and defective inventories are identified and valued at lower of cost and net realisable value.

#### Stock in Trade

Stock in Trade is valued at lower of cost and net realisable value. Cost is determined on FIFO basis.

### ix) Leases:

#### As a Lessee

The Company's leased assets consist of leases for Land. At inception of a contract, the company assesses 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: (i) the contract involves the use of an identified asset (ii) the company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and (iii) the company has the right to direct the use of the asset.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of Property, Plant and Equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the



## Notes to financial statement (Contd...)

for the year ended March 31, 2021

amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

### Short-term leases and leases of low-value assets

The Company has elected not to recognise right-to-use assets and lease liabilities for short-term lease that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an operating expense as per the terms of the lease.

### As a Lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

### x) Government Grants and Subsidies:

Assistance by government in the form of transfers of resources to the Company in return for past or future compliance with certain conditions relating to operating activities of the entity other than those which cannot reasonably have a value placed upon them or those that cannot be distinguished from normal trading transactions of the Company are termed as government grants. All government grants are identified as either relating to assets or relating to income. Government grants whose primary condition is that a Company qualifying for them should purchase, construct or otherwise acquire long-term assets are identified as grants related to assets. Grants other than those related to assets are identified as related to income. Government grants are recognised when there is a reasonable assurance that the Company will comply with the conditions attaching to them and

the grants will be received. A forgivable loan from government is treated as a government grant when there is a reasonable assurance that the entity will meet the terms for forgiveness of the loan. The Company recognises Government grants in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to assets, including non-monetary grants at fair value, are presented in the balance sheet as deferred income. Deferred income is recognised in profit or loss on the basis the related assets are depreciated or amortised if they are related to asset or under other income when the grant becomes receivable. Grants related to income are presented in profit or loss under other income. Grants received in advance before fulfilment of conditions are recognised as Other Liability classified into current or non-current, as appropriate in the circumstances of the case.

### xi) 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

#### a. Initial recognition and measurement

At initial recognition, the Company measures a financial asset (which are not measured at fair value) through profit or loss at its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

#### b. Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- i) Financial assets measured at amortised cost;
- ii) Financial assets at fair value through profit or loss (FVTPL) and
- iii) Financial assets at fair value through other comprehensive income (FVTOCI).

The Company classifies its financial assets in the above mentioned categories based on:

- a) The Company's business model for managing the financial assets, and

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

- b) The contractual cash flows characteristics of the financial asset.

**i) Financial assets measured at amortised cost :**

A financial asset is measured at amortised cost if both of the following conditions are met:

- a) A financial asset is measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the Contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.
- b) 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.

Trade receivables, Advances, Security Deposits, Cash and Cash Equivalents etc. are classified for measurement at amortised cost.

**ii) Financial assets at fair value through profit or loss (FVTPL):**

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or fair value through other comprehensive income. In addition, The Company may elect to designate a financial asset, which otherwise meets amortised 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').

**iii) Financial assets at fair value through other comprehensive income (FVTOCI):**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model

whose objective is achieved by collecting both contractual cash flows that gives rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

**c. Derecognition**

The Company derecognizes a financial asset when contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in the Statement of Profit and Loss.

**d. Impairment**

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- Trade receivables,
- Financial assets measured at amortized cost (other than trade receivables and lease receivables),
- Financial assets measured at fair value through other comprehensive income (FVTOCI).

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

In case of trade receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance. As a practical expedient, the Company uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables.

In case of other assets (listed as ii and iii above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss under the head 'Other expenses'.

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

### Financial Liabilities

#### a. Initial recognition and measurement

At initial recognition, the Company measures a financial liabilities (which are not measured at fair value) through profit or loss at its fair value plus or minus transaction costs that are directly attributable to the financial liability.

The company's financial liabilities include trade and other payables, loans and borrowings, bank overdrafts and financial guarantee.

#### b. Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- i) Financial liabilities measured at amortised cost.
- ii) Financial liabilities at fair value through profit or loss.

#### i) Financial liabilities measured at amortised cost :

All financial liabilities are measured at amortised cost. Any discount or premium on redemption/ settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet.

#### ii) Financial liabilities at fair value through profit or loss (FVTPL):

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

#### c. Derecognition

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged or cancelled or expiry. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

### Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks and interest rate risks.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone 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 realize the assets and settle the liabilities simultaneously.

### 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 under current market conditions.

The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

- (a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b) Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.
- (c) Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants.

### xii) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), 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.

### xiii) Foreign currency transactions and translations

Functional currency of the Company is Indian rupee. The financial statements have been presented under its functional currency. Any transaction that is denominated in a currency other than the functional currency is regarded as foreign currency transaction. All foreign currency transactions are recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. In case of consideration received or paid in advance, the exchange rate prevailing on the date of receipt or payment of advance is considered when subsequently the related asset is given up or received to the extent of advance consideration.

At the end of the reporting period:

1. foreign currency monetary items are translated using the exchange rate for immediate delivery at the end of the reporting period;
2. non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
3. non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange difference arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in statement of profit and loss in the period in which they arise.

### xiv) Employee benefits

#### Short term employee benefits

Short Term benefits are recognised as an expense at the undiscounted amounts in the Statement of Profit and Loss of the year in which the related service is rendered.

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

### Post employment benefits

#### a. Defined contribution plans

The Employee and Company make monthly fixed Contribution to Government of India Employee's Provident Fund equal to a specified percentage of the covered employees' salary, Provision for the same is made in the year in which service are render by employee.

#### b. Defined benefit plans

The Liability for Gratuity to employees, which is a defined benefit plan, as at Balance Sheet date determined on the basis of actuarial Valuation based on Projected Unit Credit method is funded to a Gratuity fund administered by the trustees and managed by Life Insurance Corporation of India and the contribution thereof paid/payable is absorbed in the accounts.

The present value of the defined benefit obligations is determined by discounting the estimated future cash flows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expenses in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in balance sheet. Changes in present value of the defined benefit obligation resulting from plan amendment or curtailments are recognized immediately in profit or loss as past service cost.

### xv) Income Taxes:

#### a) Current tax:

Current tax is determined on income for the year chargeable to tax in accordance on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Current tax items are recognised in correlation to the underlying

transaction either in OCI or directly in equity. The Company has adopted Appendix C of Ind AS-12 and has provided for the tax liability based on the significant judgment that the taxation authority will not accept the tax treatment. However adoption of the same does not have any impact on the Balance Sheet, Statement of Change in Equity and Statement of Profit & Loss Account.

#### b) Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, unabsorbed losses and tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unabsorbed losses and tax credits will be utilised. The carrying amount of deferred tax assets is reviewed at the end of financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is expected to be settled or the asset realised, based on tax rates and tax laws that have been substantively enacted by the balance sheet date. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The Company restricts recognition of deferred tax asset on unabsorbed depreciation to the extent of the corresponding deferred tax liability in absence of availability of sufficient future taxable profit which allow the full or part of the assets to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset



## Notes to financial statement (Contd...)

for the year ended March 31, 2021

realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### xvi) Provisions, Contingent Liabilities and Contingent Assets :

The Company recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated. If the effect of 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 recognized as a finance cost. 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 embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made. Contingent assets are not recognised but disclosed where an inflow of economic benefits is probable.

### xvii) Earnings per equity share:

Basic earnings per share is calculated by dividing the profit or loss for the period attributable to the equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### xviii) Dividend:

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the company's Board of Directors.

### xix) Goods and Service Tax:

Goods and Service Tax credit on materials purchased for production / service availed for production / input service are taken into account at the time of purchase and GST credit on purchase of capital items wherever applicable are taken into account as and when the assets are acquired.

Goods and Service Tax credits so taken are utilized for payment of GST Liability on Sale of on goods . The unutilized GST credit is carried forward in the books.

### (xx) Segment reporting

The Chief Operational Decision Maker (CODM) monitors the operating results of its business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Operating segments are reported in a manner consistent with the internal reporting to the CODM.

Accordingly, the Board of Directors of the Company is CODM for the purpose of segment reporting. Refer note 46 for segment information presented.

### (xxi) Statement of Cash flows

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

### (xxii) Standards issued but not yet effective

Till the date of approval of these financial statements, no notification issued in respect of amendments to Ind AS that would be effective in future periods have been notified by the Ministry of Corporate Affairs

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

### Note 5: Property, Plant and Equipment

Particulars	Free Hold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipments	Electrical Installation	Computer	Total
<b>Gross Carrying Value as on April 01, 2019</b>	<b>1,545.41</b>	<b>2,494.91</b>	<b>4,908.90</b>	<b>280.11</b>	<b>370.85</b>	<b>18.29</b>	<b>247.48</b>	<b>110.72</b>	<b>9,976.66</b>
Addition during the year	Nil	185.75	409.17	45.96	117.56	20.06	21.57	19.62	819.70
Deduction during the year	Nil	Nil	104.73	Nil	5.71	Nil	Nil	Nil	110.44
<b>Gross Carrying Value as on March 31, 2020</b>	<b>1,545.41</b>	<b>2,680.66</b>	<b>5,213.34</b>	<b>326.07</b>	<b>482.69</b>	<b>38.35</b>	<b>269.06</b>	<b>130.34</b>	<b>10,685.92</b>
Addition during the year	175.81	6.14	129.83	8.86	103.57	3.02	4.21	17.64	449.09
Deduction during the year	Nil	Nil	24.09	Nil	0.55	Nil	Nil	Nil	24.63
<b>Gross Carrying Value as on March 31, 2021</b>	<b>1,721.22</b>	<b>2,686.81</b>	<b>5,319.09</b>	<b>334.93</b>	<b>585.70</b>	<b>41.37</b>	<b>273.27</b>	<b>147.98</b>	<b>11,110.37</b>
<b>Accumulated Depreciation and Impairment as on April 01, 2019</b>	<b>Nil</b>	<b>194.39</b>	<b>760.48</b>	<b>84.08</b>	<b>45.47</b>	<b>7.78</b>	<b>19.54</b>	<b>62.27</b>	<b>1,174.01</b>
Addition during the year	Nil	79.87	322.46	35.90	53.20	3.07	14.00	23.08	531.57
Deduction during the year	Nil	Nil	51.39	Nil	4.27	Nil	Nil	Nil	55.66
<b>Accumulated Depreciation and Impairment as on March 31, 2020</b>	<b>Nil</b>	<b>274.26</b>	<b>1,031.55</b>	<b>119.97</b>	<b>94.40</b>	<b>10.85</b>	<b>33.54</b>	<b>85.35</b>	<b>1,649.92</b>
Addition during the year	Nil	84.04	333.33	28.22	64.99	3.97	13.49	22.56	550.60
Deduction during the year	Nil	Nil	12.56	Nil	0.30	Nil	Nil	Nil	12.87
<b>Accumulated Depreciation and Impairment as on March 31, 2021</b>	<b>Nil</b>	<b>358.31</b>	<b>1,352.31</b>	<b>148.19</b>	<b>159.08</b>	<b>14.82</b>	<b>47.03</b>	<b>107.91</b>	<b>2,187.65</b>
<b>Net Carrying Value as on March 31, 2020</b>	<b>1,545.41</b>	<b>2,406.40</b>	<b>4,181.80</b>	<b>206.09</b>	<b>388.29</b>	<b>27.50</b>	<b>235.52</b>	<b>44.99</b>	<b>9,036.00</b>
<b>Net Carrying Value as on March 31, 2021</b>	<b>1,721.22</b>	<b>2,328.50</b>	<b>3,966.78</b>	<b>186.74</b>	<b>426.62</b>	<b>26.56</b>	<b>226.24</b>	<b>40.07</b>	<b>8,922.72</b>

#### Notes:

##### i. Assets pledged as security:

Refer Note 59 of financial statement for disclosure of assets pledged as security.

##### ii. Capitalised borrowing cost:

Borrowing Cost Capitalised on Property, Plant and Equipment during the year ended March 31, 2021 - ₹ Nil/- (for the year ended March 31, 2020: ₹ Nil/-).

##### iii. Contractual obligations:

Refer Note. 43 for disclosure of Contractual Commitments for the acquisition of property, Plant & Equipment.

##### iv. Depreciation on Property, Plant & Equipment

Refer Note 4(iv) for disclosure of Policies and method used for the depreciation of Property, Plant & Equipment.

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

### 5A Right to use assets

(₹ in Lakhs)

Particulars	Right to use of Assets
<b>Gross Carrying Value as at April 1, 2019</b>	Nil
Reclassification of Assets on Adoption of Ind AS 116	31.86
Deduction during the year	Nil
<b>Gross Carrying Value as on March 31, 2020</b>	<b>31.86</b>
Addition during the year	Nil
Deduction during the year	Nil
<b>Gross Carrying Value as on March 31, 2021</b>	<b>31.86</b>
Accumulated Amortization as on April 01, 2019	Nil
Addition during the year	2.16
Deduction during the year	Nil
<b>Accumulated Amortization and Impairment as on March 31, 2020</b>	<b>2.16</b>
Addition during the year	2.16
Deduction during the year	Nil
<b>Accumulated Amortization and Impairment as on March 31, 2021</b>	<b>4.32</b>
<b>Net Carrying amount as on March 31, 2020</b>	<b>29.70</b>
<b>Net Carrying amount as on March 31, 2021</b>	<b>27.54</b>

### 6 Capital Work in Progress

(₹ in Lakhs)

Particulars	Amount
<b>Balance at April 01, 2019</b>	<b>194.23</b>
Addition during the year	123.60
Capitalised during the year	313.80
<b>Balance at March 31, 2020</b>	<b>4.03</b>
Addition during the year	130.09
Capitalised during the year	Nil
<b>Balance at March 31, 2021</b>	<b>134.13</b>

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

### 7 Other Intangible Assets

(₹ in Lakhs)

Particulars	Computer Software	Patents	Total
<b>Gross Carrying Value as on April 01, 2019</b>	<b>74.10</b>	<b>1.40</b>	<b>75.50</b>
Addition during the year	7.74	Nil	7.74
Deduction during the year	Nil	Nil	Nil
<b>Gross Carrying Value as on March 31, 2020</b>	<b>81.83</b>	<b>1.40</b>	<b>83.23</b>
Addition during the year	16.70	Nil	16.70
Deduction during the year	Nil	Nil	Nil
<b>Gross Carrying Value as on March 31, 2021</b>	<b>98.53</b>	<b>1.40</b>	<b>99.93</b>
<b>Accumulated amortisation as on April 01, 2019</b>	<b>31.89</b>	<b>1.20</b>	<b>33.09</b>
Addition during the year	13.11	0.10	13.21
Deduction during the year	Nil	Nil	Nil
<b>Accumulated amortisation as on March 31, 2020</b>	<b>45.00</b>	<b>1.30</b>	<b>46.30</b>
Addition during the year	13.83	Nil	13.83
Deduction during the year	Nil	Nil	Nil
<b>Accumulated amortisation as on March 31, 2021</b>	<b>58.83</b>	<b>1.30</b>	<b>60.13</b>
<b>Net Carrying Value as on March 31, 2020</b>	<b>36.83</b>	<b>0.10</b>	<b>36.93</b>
<b>Net Carrying Value as on March 31, 2021</b>	<b>39.70</b>	<b>0.10</b>	<b>39.80</b>

Notes:

#### i. Amortization on intangible Assets

Refer Note 4(v) for disclosure of Policies and method used for the amortization of intangible assets.

### 8 Non Current Investments

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>(a) Investments in Subsidiary at cost</b>		
<b>A Investment in Equity instruments: (unquoted)</b>		
i 98,58,438 (PY.98,58,438) Equity Share of Lincoln Parenteral Limited of face value ₹ 10 each fully paid up.	1,992.52	1,992.52
ii Nil (PY.50,000) Equity Shares of Savebux Enterprises Private Limited of face value ₹ 10 each fully paid up. (Refer Note (ii) to this schedule)	Nil	5.00
<b>B Investment in Limited Liability Partnership:</b>		
i Zullinc Healthcare LLP (Refer Note (iii) to this schedule)	5.00	5.00
<b>C Investment in Other Equity Instruments:</b>		
i Lincoln Parenteral Limited:		

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

(₹ in Lakhs)		
Particulars	As at March 31, 2021	As at March 31, 2020
Equity Component of Financial Instruments issued in favour of subsidiary		
Interest-free security deposits (Refer Note i(a) to this schedule)	546.19	546.19
Financial Guarantee (Refer Note i(b) to this schedule)	29.73	29.73
	<b>2,573.44</b>	<b>2,578.44</b>
<b>(b) Investments in other equity instruments at amortized cost (unquoted)</b>		
320 (PY.320) Equity Share of Navnirman Co operative Bank Limited of face value ₹ 25 each fully paid up	0.08	0.08
<b>(c) Investments in government securities at amortized cost (unquoted)</b>		
National Saving Certificate	0.10	0.10
<b>Total</b>	<b>2,573.62</b>	<b>2,578.62</b>
Aggregate amount of quoted investment - At cost	Nil	Nil
Aggregate amount of unquoted investment - At cost	1,997.70	2,002.70

**Note:**

- i Equity Component of Financial instrument comprises of following:
  - (a) Recognition of equity component of interest free security deposit given to subsidiary.
  - (b) Recognition of notional commission premium on fair valuation of financial guarantee.
- ii During the year under consideration, subsidiary of the company namely "Savebux Enterprises Private Limited" had been voluntarily wound up w.e.f 03/03/2021.
- iii Investment in Zullinc Healthcare LLP includes fixed capital contribution made by the Company. The Company has also invested in Current Capital of the said LLP. Being current in nature and can be withdrawn at any time by the company, the same is being classified under "other current financial asset". (Refer Note 18)

**Details in respect of investment in subsidiaries:**

Name of the Company	Principle place of business/ Country of Incorporation	% of holding as at 31/03/2021	% of holding as at 31/03/2020
Lincoln Parenteral Limited	India	98.58	98.58
Zullinc Healthcare LLP	India	100.00	100.00

### 9 Non-Current Loans

(₹ in Lakhs)		
Particulars	As at March 31, 2021	As at March 31, 2020
<b>(Unsecured, considered good)</b>		
Inter-Corporate Loans	230.00	250.00
Loans to others	2,279.44	1,228.17
<b>Total .....</b>	<b>2,509.44</b>	<b>1,478.17</b>



## Notes to financial statement (Contd...)

for the year ended March 31, 2021

### 10 Other Non-Current Financial Assets

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Margin Money Deposit	45.00	3.49
Loan to Employees	10.96	2.42
Security Deposits	1,494.15	1,678.12
<b>Total .....</b>	<b>1,550.11</b>	<b>1,684.03</b>

### 11 Other Non-Current Assets

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>(Unsecured, considered good)</b>		
Advances for Property, Plant & Equipment	253.53	6.20
Advance Payment of Income Tax	1,656.41	3,365.15
Less: Provision for Income tax	(1,426.32)	(3,074.55)
<b>Advance Income Tax (net)</b>	<b>230.09</b>	<b>290.60</b>
Advance to Employees	55.52	38.95
<b>Total .....</b>	<b>539.14</b>	<b>335.75</b>

### 12 Inventories

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Raw materials	1,544.95	1,132.20
Work-in-Process	497.13	548.30
Finished Stock	801.20	757.59
Packing Material	412.74	417.80
Stock in Trade	770.63	897.84
<b>Total .....</b>	<b>4,026.65</b>	<b>3,753.73</b>

- Inventory of Raw Material includes material in transit- as on 31-03-2021 of ₹ Nil Lakhs (as on 31-03-2020 ₹ Nil Lakhs)
- Inventory of Finished Stock Includes Goods in Transit- as on 31-03-2021 ₹ 634.07 Lakhs (as on 31-03-2020 ₹ 311.43 Lakhs )
- The cost of inventories recognized as an expenses includes ₹ Nil Lakhs (during 2019-20 ₹ Nil Lakhs ) in respect of write-down of inventory to net realizable value, and has been reduced by ₹ Nil Lakhs (during 2019-20 : ₹ Nil Lakhs) in respect of the reversal of such write-down.
- Inventories pledged as Security with bank for borrowing as on 31-03-2021 of ₹ 4,026.66 Lakhs (as on 31-03-2020 ₹ 3,753.73 Lakhs)

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

### 13 Current Investments

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Investment in mutual fund at fair value through profit and loss</b>		
69,65,858.970 (PY 39,47,201.381) units of SBI Savings Fund - Direct Plan - Growth	2,382.04	1,277.59
1,01,795.939 (PY. Nil) units of SBI Liquid Fund Direct Growth	3,279.48	Nil
99,22,209.578 (PY. Nil) units of HSBC Corporate Bond Fund Growth	1,006.88	Nil
43,647.733 (PY 69,305.279) units of SBI Liquid Fund-Regular Plan-Growth	1,398.08	2,144.04
<b>Total .....</b>	<b>8,066.47</b>	<b>3,421.63</b>
Aggregate Cost of Investment	7,510.29	3,068.45
Aggregate NAV of Investment	8,066.47	3,421.63

### 14 Trade receivables

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Trade Receivables (Unsecured)</b>		
Trade Receivable Considered Good - Unsecured	9,549.35	7,912.24
Trade Receivables which have significant increase in Credit Risk	844.49	1,348.03
Trade Receivable Credit Impaired	Nil	Nil
	<b>10,393.84</b>	<b>9,260.27</b>
Less: Allowance for Expected Credit Loss	170.39	160.75
<b>Total .....</b>	<b>10,223.45</b>	<b>9,099.52</b>

**Notes:**

- For details of receivables from firms / private companies in which directors of the company are partners / directors, please refer note no.53.
- The Company provides an allowance for impairment of doubtful accounts based on financial condition of the customer, aging of the trade receivable and historical experience of collections from customers. The activity in the allowance for impairment of trade receivables is given below:

(₹ in Lakhs)

Allowance Movement for Trade Receivables	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	160.75	157.30
Add : Expected credit loss allowance made during the year	9.64	3.45
Less : Reversal of allowance made during the year	Nil	Nil
<b>Closing Balance</b>	<b>170.39</b>	<b>160.75</b>

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

### 15 Cash & Cash Equivalents

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	30.12	34.35
Bank Balance	982.42	857.94
<b>Total .....</b>	<b>1,012.54</b>	<b>892.29</b>

### 16 Current Loans

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Inter Corporate Loan	1,400.00	Nil
Loans to others	436.00	1,441.70
<b>Total .....</b>	<b>1,836.00</b>	<b>1,441.70</b>

### 17 Other Bank Balances

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Margin Money Deposit	222.80	213.77
Unclaimed Dividend Account	17.48	15.14
<b>Total .....</b>	<b>240.28</b>	<b>228.91</b>

### 18 Other Current Financial Assets

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current Capital Account in Limited Liability Partnership (Refer Note 8)	117.27	109.34
Derivative contracts not designated as a hedge relationship (at fair value through profit and loss)	8.31	Nil
Interest Receivable	20.61	Nil
Loan to Employees	29.78	11.23
Others	0.69	2.44
<b>Total .....</b>	<b>176.66</b>	<b>123.01</b>

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

### 19 Current Tax Assets (Net)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Advance Income Tax :</b>		
Advance Payment of Income Tax	Nil	Nil
Less: Provision for Income tax	Nil	Nil
<b>Total .....</b>	<b>Nil</b>	<b>Nil</b>

### 20 Other current assets

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>(Unsecured, Considered good unless otherwise stated)</b>		
Advances to Suppliers	346.87	1,014.95
Prepaid Expenses	101.67	92.31
Loans and advance to employees	5.81	42.43
Balances with/amount receivable from Statutory authorities	1,535.91	1,427.01
Other receivables	0.14	0.14
<b>Total .....</b>	<b>1,990.40</b>	<b>2,576.84</b>

### 21 Equity Share Capital

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>[i] Authorized Share Capital:</b>		
2,00,00,000 (PY.2,00,00,000) Equity shares of ₹ 10 each	2,000.00	2,000.00
<b>[ii] Issued, Subscribed &amp; Paid-up Capital :</b>		
2,00,00,000 (PY.2,00,00,000) Equity shares of ₹ 10 each fully paid	2,000.00	2,000.00
<b>Total .....</b>	<b>2,000.00</b>	<b>2,000.00</b>

- (a) Reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2021 and, March 31, 2020 is set out below:-

(₹ in Lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	Amt (₹)	No. of Shares	Amt (₹)
Shares at the beginning	2,00,00,000	2,000.00	2,00,00,000	2,000.00
Addition	Nil	Nil	Nil	Nil
Deletion	Nil	Nil	Nil	Nil
Shares at the end	2,00,00,000	2,000.00	2,00,00,000	2,000.00

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

- (b) The details of shares holding more than 5% shares is set out below:-

(₹ in Lakhs)

Name of the Share holder	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	% held	No. of Shares	% held
Digital biotech Pvt Ltd	14,00,000	7.00%	14,00,000	7.00%
Munjal Mahendrabhai Patel	13,25,000	6.63%	8,15,500	4.08%

- (c) Rights, Preferences and Restrictions attached to equity shares

The company has only one type of equity share of ₹ 10 each listed on BSE & NSE. Each of the share holders has right give one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Director is subject to the approval of the shareholders in the Annual General Meeting. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.

- (d) The Company has not reserved any share for issue under options and contracts or commitments for the sale of shares or disinvestment.
- (e) There are no shares issued pursuant to contract without payment being received in cash or by way of bonus shares or equity shares bought back for the period of 5 years immediately preceding the balance sheet date.

## 22 Other Equity

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>(a) Capital Reserve</b>		
Balance as per last financial Statement	35.00	35.00
Add: Addition during the year	Nil	Nil
<b>Closing Balance</b>	<b>35.00</b>	<b>35.00</b>
<b>(b) Equity Securities Premium</b>		
Balance as per last financial Statement	6,461.66	6,461.66
Add: Share premium received during the year	Nil	Nil
<b>Closing Balance</b>	<b>6,461.66</b>	<b>6,461.66</b>
<b>(c) General Reserve</b>		
Balance as per last financial Statement	791.22	741.22
Add: Transfer from Statement of Profit & Loss	50.00	50.00
<b>Closing Balance</b>	<b>841.22</b>	<b>791.22</b>
<b>(d) Retained Earnings</b>		
<b>Profit and Loss:</b>		
Balance as per last financial Statement	21,192.36	17,009.34
Add : Profit for the year	6,040.61	4,956.36
Less: Transfer to General reserve	(50.00)	(50.00)



## Notes to financial statement (Contd...)

for the year ended March 31, 2021

(₹ in Lakhs)		
Particulars	As at March 31, 2021	As at March 31, 2020
Less: Interim Dividend Paid	Nil	(300.00)
Less: Final Dividend Paid	Nil	(300.00)
Less: Tax on Interim Dividend	Nil	(61.67)
Less: Tax on Final Dividend	Nil	(61.67)
<b>Net Surplus in the statement of profit and loss (i)</b>	<b>27,182.97</b>	<b>21,192.36</b>
<b>Other Comprehensive Income:</b>		
Balance as per last financial Statement	(30.74)	13.20
Add: Remeasurement of Defined benefit plans (including deferred tax)	5.21	(43.94)
<b>Net Surplus in the statement of other comprehensive income (ii)</b>	<b>(25.53)</b>	<b>(30.74)</b>
<b>Total Retained Earnings (i + ii)</b>	<b>27,157.44</b>	<b>21,161.62</b>
<b>Total .....</b>	<b>34,495.31</b>	<b>28,449.49</b>

**General Reserve:** General reserve is created from time to time by transfer of profits from retained earnings. It does not include any item which is transferred from other comprehensive income or equity component of financial instruments. General Reserve is created for appropriation purposes.

**Equity Security Premium:** The amount received in excess of face value of the equity shares is recognized in equity security premium. Being realized in cash, the same can be utilized by the company as per provisions of the Companies Act, 2013.

**Retained earnings:** Retained earnings can be utilized by the company for distribution to its equity shareholders of the company. The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety.

**Capital Reserve:** Capital reserve was realized in cash and can be utilized by the company as per provisions of the Companies Act, 2013.

### 23 Non-Current Borrowings

(₹ in Lakhs)		
Particulars	As at March 31, 2021	As at March 31, 2020
<b>Secured Borrowing</b>		
Term Loan from Banks	Nil	Nil
Less : Current maturities of long-term debt (Note: 28)	Nil	Nil
<b>Closing Balance</b>	<b>Nil</b>	<b>Nil</b>
Vehicle Loan	51.97	86.14
Less : Current maturities of long-term debt (Note: 28)	37.51	34.17
<b>Closing Balance</b>	<b>14.46</b>	<b>51.97</b>
<b>Total .....</b>	<b>14.46</b>	<b>51.97</b>

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

### Notes:

- i. Vehicle Loan includes loans from bank and finance companies. The Repayment period of these loans ranges from 12 to 37 months & Rate of interest ranging from 10% To 11%. These loans are secured against the asset under finance.
- ii. Year wise repayment schedules:

(₹ in Lakhs)

Year	As at March 31, 2021	As at March 31, 2020
FY.2020-21	Nil	34.17
FY.2021-22	37.52	29.52
FY.2022-23	14.46	22.45
FY.2023-24	Nil	0.01
<b>Total .....</b>	<b>51.97</b>	<b>86.14</b>

### 24 Other Non Current Financial Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade Deposits	429.13	405.22
<b>Total .....</b>	<b>429.13</b>	<b>405.22</b>

### 25 Deferred Tax Liabilities (Net)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Deferred Tax Liabilities</b>		
Time difference of depreciation as per Tax Provision and Company Law on Property, Plant and Equipment	396.37	359.05
<b>Total Deferred Tax Liabilities</b>	<b>396.37</b>	<b>359.05</b>
<b>Deferred Tax Assets</b>		
Unpaid Liabilities Allowable under Income Tax Act, 1961 in succeeding years u/s 43B on Payment basis	20.99	44.91
Allowance for Expected Credit Losses	49.62	46.85
Unused Tax Credit	Nil	Nil
<b>Total Deferred Tax Assets</b>	<b>70.61</b>	<b>91.76</b>
<b>Net Deferred Tax Liability</b>	<b>325.76</b>	<b>267.29</b>

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

(₹ in Lakhs)				
Movements in Deferred Tax Liabilities	Time difference of depreciation as per Tax Provision and Company Law on Property, Plant and Equipment	Unpaid Liabilities Allowable under Income Tax Act, 1961 in succeeding years u/s 43B on Payment basis	Allowance for Expected Credit Losses	Unused Tax Credit
<b>At April 01, 2019 *</b>	<b>(368.82)</b>	<b>0.88</b>	<b>54.97</b>	<b>Nil</b>
Charged/(credited):				
- to profit and loss	(9.77)	(25.98)	8.12	Nil
- to other comprehensive income	Nil	(18.05)	Nil	Nil
<b>At March 31, 2020*</b>	<b>(359.05)</b>	<b>44.91</b>	<b>46.85</b>	<b>Nil</b>
Charged/(credited):				
- to profit and loss	37.32	21.78	(2.77)	Nil
- to other comprehensive income	Nil	2.14	Nil	Nil
<b>At March 31, 2021 *</b>	<b>(396.37)</b>	<b>20.99</b>	<b>49.62</b>	<b>Nil</b>

\* Figures in bracket denotes deferred tax liability.

### 26 Current Borrowings

(₹ in Lakhs)		
Particulars	As at March 31, 2021	As at March 31, 2020
<b>Secured Borrowing</b>		
From Bank (Repayable on Demand)	Nil	383.32
<b>Unsecured Borrowing</b>		
From Bank (Repayable on Demand)	Nil	Nil
<b>Total .....</b>	<b>Nil</b>	<b>383.32</b>

#### Security :

Secured demand loans form Bank includes working capital loan from State Bank of India. This loan is secured against :

#### i) Primary Security :

Hypothecation of entire current assets of the company

#### ii) Collateral Security :

Charge over entire fixed assets of the company including

1. Piece & Parcel of freehold land situated lying and being at Mouje Khatraj, Taluka Kalol, District Mehsana bearing subplots No. 9/A/1, 9/A/2, 10, 12/A, 12/B & 13 of Block No. 95 of Mouje Khatraj of Kalol taluka admeasuring 1692.94 Sq. mtrs, 3590.30 Sq. mtrs respectively i.e. collectively 12124.84 Sq. mtrs together with building thereon belonging to M/s Lincoln Pharmaceuticals Ltd. and
2. Hypothecation of Plant & machinery and other movable assets of the company excluding windmill.

#### iii) Personal Guarantees of all three promoter directors.

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

### 27 Trade payables

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Payable to Micro and Small Enterprise	700.05	654.39
Payable to others	4,307.94	3,545.49
<b>Total .....</b>	<b>5,007.99</b>	<b>4,199.88</b>

#### Notes:

\*Dues to Micro and Small enterprises have been determined to the extent such parties have been identified on the basis of the information collected by the Management. This has been relied upon by the Auditors. The disclosure in respect of the MSMED Act, 2006 has been provided at note 57.

### 28 Other Current Financial Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current Maturity of long term borrowings (Note No : 23)	37.51	34.17
Interest accrued but not due on borrowings	Nil	5.24
Creditors for Property, Plant & Equipment	365.52	350.78
Employee Benefit Payable	432.16	147.69
Unpaid dividend	17.48	15.14
Derivative contracts not designated as a hedge relationship (at fair value through profit and loss)	Nil	43.93
<b>Total .....</b>	<b>852.67</b>	<b>596.95</b>

### 29 Other Current Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance Received from Customer	349.43	152.73
Other Statutory dues	91.37	97.30
<b>Total .....</b>	<b>440.80</b>	<b>250.03</b>

### 30 Current Provisions

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Gratuity (refer note no. 45)	16.10	43.60
<b>Total .....</b>	<b>16.10</b>	<b>43.60</b>

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

### 31 Current Tax Liabilities (Net)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision For Income tax	2,102.93	1,470.01
Less: Advance Payment of Income Tax	(1,816.21)	(1,396.89)
<b>Total .....</b>	<b>286.72</b>	<b>73.12</b>

### 32 Revenue from operation

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Sale of Products:</b>		
Finished Goods	40,120.57	36,439.06
<b>Sale of services:</b>		
Job Work Charges	267.94	231.05
<b>Other Operating Revenue:</b>		
Export Incentive	883.19	899.19
Scrap Sales	33.82	39.53
<b>Total of Other Operating Revenue</b>	<b>917.01</b>	<b>938.72</b>
<b>Total .....</b>	<b>41,305.52</b>	<b>37,608.83</b>

#### (a) Reconciliation of Revenue recognized in the statement of profit and loss with the Contracted price :-

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Gross Revenue	41,859.38	38,017.93
	<b>41,859.38</b>	<b>38,017.93</b>
Less: Rebate & Discount etc	1,437.05	1,308.29
<b>Revenue recognized from Contract with Customers</b>	<b>40,422.33</b>	<b>36,709.64</b>

#### (b) Reconciliation of Revenue from operation with Revenue from contracts with Customers :-

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Revenue from operation	41,305.52	37,608.83
Less: Export incentive	883.19	899.19
<b>Revenue from contracts with Customers</b>	<b>40,422.33</b>	<b>36,709.64</b>



## Notes to financial statement (Contd...)

for the year ended March 31, 2021

### 33 Other Income

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Interest Income:</b>		
Interest from bank	13.94	14.41
Interest income on financial assets on Unwinding of discount	108.02	116.82
Interest from others	205.53	124.50
Dividend Income	2.80	Nil
Share of profit from subsidiaries	7.92	5.36
Gain on fair valuation of Current Investments	238.30	169.98
Gain on sale of Current Investments	6.69	9.57
MTM gain on forward contracts	52.25	Nil
Foreign Exchange Gain (Net)	41.16	772.34
Miscellaneous Income	Nil	0.11
<b>Total .....</b>	<b>676.61</b>	<b>1,213.09</b>

### 34 Cost of Materials Consumed

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Raw Material</b>		
Inventory at the beginning of the year	1,132.20	1,033.49
Add: Purchase	7,554.79	7,920.95
Less: Inventory at the end of the year	1,544.95	1,132.20
<b>Cost of Consumption of Raw Material</b>	<b>7,142.04</b>	<b>7,822.24</b>
<b>Packing Materials</b>		
Inventory at the beginning of the year	417.80	295.68
Add: Purchase	2,403.26	2,496.94
Less: Inventory at the end of the year	412.74	417.80
<b>Cost of Consumption of Packing Materials</b>	<b>2,408.32</b>	<b>2,374.82</b>
<b>Total .....</b>	<b>9,550.36</b>	<b>10,197.06</b>

### 35 Purchase of Stock in Trade

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Purchase of stock in trade	10,400.21	9,066.22
<b>Total .....</b>	<b>10,400.21</b>	<b>9,066.22</b>

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

### 36 Change In Inventories Of Finished Goods, Work In Progress And Stock In Trade

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Stock in trade</b>		
Stock at the Beginning of the financial year	897.84	1,091.13
Stock at the End of the financial year	770.63	897.84
	<b>127.21</b>	<b>193.29</b>
<b>Finished Goods</b>		
Stock at the Beginning of the financial year	757.59	404.14
Stock at the End of the financial year	801.20	757.59
	<b>(43.61)</b>	<b>(353.45)</b>
<b>Work in Progress</b>		
Stock at the Beginning of the financial year	548.30	122.96
Stock at the End of the financial year	497.13	548.30
	<b>51.17</b>	<b>(425.34)</b>
<b>Summary</b>		
Stock at the Beginning of the financial year	2,203.73	1,618.23
Stock at the End of the financial year	2,068.96	2,203.73
<b>Change in inventory</b>	<b>134.77</b>	<b>(585.50)</b>

### 37 Employee Benefit Expense

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Salary, Wages & Bonus	5,225.82	5,077.41
Contribution to Provident Fund & Other Funds	251.57	233.91
Staff welfare Expenses	169.44	178.59
<b>Total .....</b>	<b>5,646.83</b>	<b>5,489.91</b>

Note:- Refer note-45 for the discloser of Ind AS 19 in respect of long term benefit payable to employees recognized in financial statement.

### 38 Finance Costs

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Interest to bank	29.22	110.36
Interest to others	79.01	36.18
Other Borrowing Cost	35.55	51.82
<b>Total .....</b>	<b>143.78</b>	<b>198.36</b>

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

### 39 Depreciation And Amortization Expense

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Depreciation on Property, Plant & Equipment	550.60	531.57
Depreciation on Right to use Assets	2.16	2.16
Depreciation on Intangible Assets	13.83	13.21
<b>Total .....</b>	<b>566.59</b>	<b>546.94</b>

### 40 Other Expenses

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Power and Fuel	683.75	756.75
Labour Charges	865.64	983.61
Loading & Unloading Charges	4.96	3.54
Stores And Spares Consumption	48.07	48.43
Factory Expenses	109.71	81.09
Laboratory & Testing Charges	387.30	316.14
<b>Repairs &amp; Maintenance:</b>		
Building	103.08	123.60
Machinery	29.58	38.19
Other assets	138.53	120.10
<b>Total of Repairs &amp; Maintenance:</b>	<b>271.19</b>	<b>280.89</b>
Loss On Sales Of Property, Plant & Equipments	5.26	4.02
Loss on sale of export license	12.96	8.87
Computer Expense	47.19	39.97
Rent	13.55	11.54
Rate & Taxes	422.25	141.81
Auditors' Remuneration (Refer Note 50)	9.00	9.00
Legal and Registration Expense	436.43	233.76
Professional & Consulting Fees	856.97	814.81
Conveyance & Vehicle Expense	56.14	60.71
Travelling Expense	167.05	532.31
Transportation Expense	410.33	237.51
Donation	7.53	8.47
Insurance	56.63	57.04
Office Expense	49.98	48.65
Post & Telephone Expense	67.19	43.16

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

(₹ in Lakhs)		
Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Stationery, Printing & Xerox	41.41	42.88
Security Expense	41.30	54.63
CSR Expense	111.18	99.11
MTM Loss on Fair Valuation of Derivative contracts	Nil	45.60
Advertisement Expense	4.68	19.27
Sales Promotion & Marketing Expense	1,474.07	1,453.17
Sales Commission Expense	757.04	878.14
Bad debt Written off	Nil	180.11
Expected credit loss expenses	9.64	3.45
Miscellaneous Expense	9.95	4.83
<b>Total .....</b>	<b>7,438.35</b>	<b>7,503.27</b>

### 41 Income tax recognized in profit and loss

(₹ in Lakhs)		
Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Current tax	2,022.13	1,470.01
Short/(Excess) Provision Tax	(17.83)	Nil
	<b>2,004.30</b>	<b>1,470.01</b>
Deferred tax liability / (assets)	56.33	(23.63)
	<b>56.33</b>	<b>(23.63)</b>
<b>Total .....</b>	<b>2,060.63</b>	<b>1,446.38</b>

#### Income tax reconciliation

(₹ in Lakhs)		
Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Profit before tax</b>	8,101.24	6,404.66
Tax expenses reported during the year	2,060.63	1,446.38
Income tax expenses calculated at 29.29% (PY.29.29%)	2,372.85	1,865.04
<b>Difference</b>	<b>(312.22)</b>	<b>(418.66)</b>
Permanent disallowances	38.49	30.16
Income not taxable under Income Tax Act, 1961	(119.05)	(83.52)
Tax benefit available under Income Tax Act, 1961	(248.73)	(357.10)
Adjustment of current tax of prior years	14.35	Nil
Other Items	2.72	(8.20)
<b>Total .....</b>	<b>(312.22)</b>	<b>(418.66)</b>

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

### 42 Statement of Other Comprehensive Income

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>(i) Items that will not be reclassified to profit and loss</b>		
<b>Remeasurement of defined benefit plans</b>		
Actuarial gain/(loss)	7.35	(61.99)
<b>(ii) Income tax relating to these items that will not be reclassified to profit and loss</b>		
Deferred tax impact on actuarial gain/(loss)	(2.14)	18.05
<b>Total .....</b>	<b>5.21</b>	<b>(43.94)</b>

### 43 Capital Commitment

Details of outstanding capital commitments are as under:

(₹ in Lakhs)

Particulars	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	498.00	9.03
Advance paid against such contracts	253.53	6.20
Remaining outstanding commitment	<b>244.47</b>	<b>2.83</b>

### 44 Contingent Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Income Tax demands disputed in appeal by the Company / Income Tax Authorities. Against which amount of ₹ Nil (PY. Nil) been deposited by the company	230.38	217.08

### 45. Details of Employee Benefits:

#### (a) Defined Contribution Plans

The Company offers its employees benefits under defined contribution plans in the form of provident fund. Provident fund cover substantially all regular employees which are on payroll of the company. Both the employees and the Company pay predetermined contributions into the provident fund and approved superannuation fund. The contributions are normally based on a certain proportion of the employee's salary and are recognised in the Statement of Profit and Loss as incurred.

A sum of ₹ 32.50 Lakhs (March 31, 2020: ₹ 84.25 Lakhs) has been charged to the Statement of Profit and Loss in respect of this plan.

#### (b) Defined Benefit Plan - Gratuity:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India in the form of a qualifying insurance policy.



## Notes to financial statement (Contd...)

for the year ended March 31, 2021

The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy.

The following table summarizes the components of net benefit expense recognized in the Statement of Profit and Loss and the funded status and the amounts recognized in the Balance Sheet for the plan:

### A. Expenses Recognized during the period

(₹ in Lakhs)

Particulars	Gratuity	
	Year Ended March 31, 2021	Year Ended March 31, 2020
In Income Statement	39.85	22.26
In Other Comprehensive (Income) / loss	(7.35)	61.99
<b>Total Expenses Recognized</b>	<b>32.50</b>	<b>84.25</b>

#### A1. Expenses Recognized in the Income Statement

(₹ in Lakhs)

Particulars	Gratuity	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Current Service Cost	36.87	23.76
Past Service Cost	Nil	Nil
Loss / (Gain) on settlement	Nil	Nil
Net Interest Cost	2.98	(1.49)
<b>Expenses Recognized in the Statement of Profit and Loss</b>	<b>39.85</b>	<b>22.26</b>

#### A2. Other Comprehensive Income

(₹ in Lakhs)

Particulars	Gratuity	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Actuarial (gains) / losses on Obligation for the period	(10.22)	59.08
Return on plan assets, excluding amount recognized in net interest expense	2.87	2.91
<b>Components of defined benefit costs recognized in other comprehensive income</b>	<b>(7.35)</b>	<b>61.99</b>

### B. Net Liability recognized in the balance sheet

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Present Value of Obligation	(269.53)	(243.90)
Fair value of plan assets	253.43	200.30
Surplus / (Deficit)	(16.10)	(43.60)
<b>Net (Liability) recognized in the Balance sheet</b>	<b>(16.10)</b>	<b>(43.60)</b>

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

### B1. Changes in the Present value of Obligation

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Present Value of Obligation as at the beginning	243.90	162.61
Current Service Cost	36.87	23.76
Interest Expense or Cost	16.66	12.50
<b>Re-measurement (or Actuarial) (gain) / loss arising from:</b>		
- change in financial assumptions	(0.58)	(4.09)
- change in demographic assumptions	Nil	Nil
- experience variance	(9.63)	63.17
Past Service Cost	Nil	Nil
Benefits Paid Directly from Employer	Nil	(1.25)
Benefit Paid from the Fund	(17.68)	(12.80)
<b>Present Value of Obligation as at the end of the year</b>	<b>269.53</b>	<b>243.90</b>

### B2. Changes in the Fair Value of Plan Assets

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Fair value of Plan Assets at the beginning of the year	200.30	182.02
Interest Income	13.68	14.00
Contribution by Employer	60.00	20.00
(Benefit paid from the Fund)	(17.68)	(12.80)
Return on Plan Assets, Excluding Interest Income	(2.87)	(2.91)
<b>Fair Value of Plan Assets at the end of the year</b>	<b>253.43</b>	<b>200.30</b>

### C. Actuarial Assumptions

Particulars	As at March 31, 2021	As at March 31, 2020
Discount Rate	6.85%	6.83%
Expected rate of salary increase	5.50%	5.50%
Expected Return on Plan Assets	6.85%	6.83%
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Rate of Employee Turnover	For service 4 years and below 20.00% p.a. For service 5 years and above 2.00% p.a.	For service 4 years and below 20.00% p.a. For service 5 years and above 2.00% p.a.
Retirement Age	58 Years	58 Years

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

### D. Sensitivity Analysis

(₹ in Lakhs)

Particulars	Gratuity	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Defined Benefit Obligation (Base)	269.53	243.90

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021		Year Ended March 31, 2020	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%) (% change compared to base due to sensitivity)	31.89	(26.81)	29.25	(24.48)
Salary Growth Rate (- / + 1%) (% change compared to base due to sensitivity)	(27.35)	31.29	(24.98)	29.34
Attrition Rate (- / + 1%) (% change compared to base due to sensitivity)	(3.29)	2.77	(2.83)	2.34

### E. Maturity Profile of Project Benefit Obligation

Particulars	Gratuity	
	As at March 31, 2021	As at March 31, 2020
Weighted average duration (based on discounted cash flows)	13	13

(₹ in Lakhs)

Expected cash out flows over the next (valued on undiscounted basis):	Gratuity	
	As at March 31, 2021	As at March 31, 2020
1 year	34.04	32.69
2 to 5 years	124.20	36.88
6 to 10 years	86.58	70.84
11 year and Above	519.93	483.18

### F. Characteristics of defined benefit plans and risks associated with them:

Valuation of defined benefit plan are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above benefit plans which are as follows:

- Interest Rate Risk:** A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.
- Salary Escalation Risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.
- Investment Risk:** The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

### 46. Segment Reporting

The Company's management, consisting of the managing director, the chief financial officer and other key managerial personnel for corporate planning, monitors the operating results of the below business segments separately for the purpose of making decisions about resource allocation and performance assessment and accordingly, based on the principles for determination of segments given in Indian Accounting Standard 108 "Operating Segments" and in the opinion of management the Company is primarily engaged in the business of "Pharmaceutical Products". All other activities of the Company revolve around the main business and as such there is no separate reportable business segment.

- (i) The Geographic details of revenue and Non Current Assets are as under:

(₹ in Lakhs)

Particulars	India	Rest of World	Total	Year
Segment Revenues	15,568.29	25,737.23	41,305.52	For 2020-21
	15,908.41	21,700.42	37,608.83	For 2019-20
Segment Non Current Assets	16,296.49	Nil	16,296.49	As at 31/03/2021
	15,183.24	Nil	15,183.24	As at 31/03/2020

- (ii) Details of customer contributing 10% or more of total revenue :

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
No. of customers contributing 10% or more of total revenue (individually)	2	1
Amount of revenue	10,894.34	4,815.56
% of total revenue	25.95%	12.40%

### 47 Fair Value Measurements

Financial instrument by category and their fair value

(₹ in Lakhs)

As at March 31, 2021	Note Reference	Carrying Amount				Fair Value (only those items which are recognised at FVTPL / FVTOCI)			
		FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>									
Investments									
Non Current	8	Nil	Nil	2,573.62	2,573.62	Nil	Nil	Nil	Nil
Current	13	8,066.47	Nil	Nil	8,066.47	Nil	8,066.47	Nil	8,066.47
Non Current Loans	9	Nil	Nil	2,509.44	2,509.44	Nil	Nil	Nil	Nil
Current Loans	16	Nil	Nil	1,836.00	1,836.00	Nil	Nil	Nil	Nil
Trade Receivables	14	Nil	Nil	10,223.45	10,223.45	Nil	Nil	Nil	Nil

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

(₹ in Lakhs)

As at March 31, 2021	Note Reference	Carrying Amount				Fair Value (only those items which are recognised at FVTPL / FVTOCI)			
		FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	15	Nil	Nil	1,012.54	1,012.54	Nil	Nil	Nil	Nil
Other Bank Balances	17	Nil	Nil	240.28	240.28	Nil	Nil	Nil	Nil
Other Non Current financial assets	10	Nil	Nil	1,550.11	1,550.11	Nil	Nil	Nil	Nil
Other Current Financial Assets	18	8.31	Nil	168.35	176.66	Nil	Nil	8.31	8.31
<b>Total Financial Assets</b>		<b>8,074.78</b>	<b>Nil</b>	<b>20,113.79</b>	<b>28,188.57</b>	<b>Nil</b>	<b>8,066.47</b>	<b>8.31</b>	<b>8,074.78</b>
<b>Financial Liabilities</b>									
Borrowings									
Non Current	23	Nil	Nil	14.46	14.46	Nil	Nil	Nil	Nil
Current	26	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Other Financial Liabilities									
Non Current	24	Nil	Nil	429.13	429.13	Nil	Nil	Nil	Nil
Current	28	Nil	Nil	852.67	852.67	Nil	Nil	Nil	Nil
Trade Payables	27	Nil	Nil	5,007.99	5,007.99	Nil	Nil	Nil	Nil
<b>Total Financial Liabilities</b>		<b>Nil</b>	<b>Nil</b>	<b>6,304.25</b>	<b>6,304.25</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

(₹ in Lakhs)

As at March 31, 2020	Note Reference	Carrying Amount				Fair Value (only those items which are recognised at FVTPL / FVTOCI)			
		FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>									
Investments									
Non Current	8	Nil	Nil	2,578.62	2,578.62	Nil	Nil	Nil	Nil
Current	13	3,421.63	Nil	Nil	3,421.63	Nil	3,421.63	Nil	3,421.63
Non Current Loans	9	Nil	Nil	1,478.17	1,478.17	Nil	Nil	Nil	Nil
Current Loan	16	Nil	Nil	1,441.70	1,441.70	Nil	Nil	Nil	Nil
Trade Receivables	14	Nil	Nil	9,099.52	9,099.52	Nil	Nil	Nil	Nil
Cash and Cash Equivalents	15	Nil	Nil	892.29	892.29	Nil	Nil	Nil	Nil
Other Bank Balances	17	Nil	Nil	228.91	228.91	Nil	Nil	Nil	Nil
Other Non Current financial assets	10	Nil	Nil	1,684.03	1,684.03	Nil	Nil	Nil	Nil



## Notes to financial statement (Contd...)

for the year ended March 31, 2021

(₹ in Lakhs)

As at March 31, 2020	Note Reference	Carrying Amount				Fair Value (only those items which are recognised at FVTPL / FVTOCI)			
		FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Other Current Financial Assets	18	Nil	Nil	123.01	123.01	Nil	Nil	Nil	Nil
<b>Total Financial Assets</b>		<b>3,421.63</b>	<b>Nil</b>	<b>17,526.25</b>	<b>20,947.88</b>	<b>Nil</b>	<b>3,421.63</b>	<b>Nil</b>	<b>3,421.63</b>
<b>Financial Liabilities</b>									
Borrowings									
Non Current	23	Nil	Nil	51.97	51.97	Nil	Nil	Nil	Nil
Current	26	Nil	Nil	383.32	383.32	Nil	Nil	Nil	Nil
Other Financial Liabilities									
Non Current	24	Nil	Nil	405.22	405.22	Nil	Nil	Nil	Nil
Current	28	43.93	Nil	553.02	596.95	Nil	Nil	43.93	43.93
Trade Payables	27	Nil	Nil	4,199.88	4,199.88	Nil	Nil	Nil	Nil
<b>Total Financial Liabilities</b>		<b>43.93</b>	<b>Nil</b>	<b>5,593.41</b>	<b>5,637.34</b>	<b>Nil</b>	<b>Nil</b>	<b>43.93</b>	<b>43.93</b>

The above fair value hierarchy explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost for which fair values are disclosed in the financial statements. To provide the indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments in to three levels prescribed is as under:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices ) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

There were no transfers between the levels during the year

### Valuation process

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. The fair valuation of level 1 and level 2 classified assets and liabilities are readily available from the quoted prices in the open market and rates available in secondary market respectively.

The carrying amount of trade receivable, trade payable, cash and bank balances, short term loans and advances, statutory/ receivable, short term borrowing, employee dues are considered to be the same as their fair value due to their short-term nature.

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

### 48 Financial risk management

The Company's activities expose it to a variety of financial risks, including credit risk, market risk and liquidity risk. The Company's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same.

The Company's risk management is governed by policies and approved by the board of directors. Company's identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The company has policies for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments.

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by Board of Directors. The activities of this department include management of cash resources, borrowing strategies, and ensuring compliance with market risk limits and policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

#### I Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from its operating activities (primarily trade receivables), cash and cash equivalents and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to the customer credit risk management. Outstanding customer receivables are regularly monitored and taken up on case to case basis. The Company has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit scores of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management team on a regular basis. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions representing large number of minor receivables operating in largely independent markets.

The credit risk on cash and bank balances and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. Credit risk is managed through credit approvals, establishing credit limits, and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The history of trade receivables shows a negligible provision for bad and doubtful debts. The Company establishes an allowance for doubtful debts and

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

impairment that represents its estimate of expected losses in respect of trade and other receivables and investments. The company has adopted simplified approach of ECL model for impairment.

### 1) Trade Receivables:

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. The Company with various activities as mentioned above manages credit risk. An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation of the same is based on historical data. The Company does not hold collateral as security.

The Company reviews trade receivables on periodic basis and makes provision for doubtful debts if collection is doubtful. The Company also calculates the expected credit loss (ECL) for non-collection of receivables. The Company makes additional provision if the ECL amount is higher than the provision made for doubtful debts. In case the ECL amount is lower than the provision made for doubtful debts, the Company retains the provision made for doubtful debts without any adjustment.

The provision for doubtful debts including ECL allowances for non-collection of receivables and delay in collection, on a combined basis, was ₹ 170.39 Lakhs as at March 31, 2021 and ₹ 160.75 Lakhs as at March 31, 2020. The movement in allowances for doubtful accounts comprising provision for both non-collection of receivables and delay in collection is as follows:

(₹ in Lakhs)		
Movement in allowance for Expected Credit Loss	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	160.75	157.30
Add : Allowance made during the year	9.64	3.45
Less : Reversal of allowance made during the year	Nil	Nil
<b>Balance at the end of the year</b>	<b>170.39</b>	<b>160.75</b>

### 2) Financial assets that are neither past due nor impaired

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's assessment of credit risk about particular financial institution. None of the Company's cash equivalents, including term deposits (i.e., certificates of deposit) with banks, were past due or impaired as at each balance sheet date.

## II Liquid Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk by maintaining adequate reserves, banking facilities including approved borrowing facilities sanctioned by the Parent Company, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Long-term borrowings generally mature between One to Ten years. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. The Company's policy is to manage its borrowings centrally using mixture of long-term and short-term borrowing facilities to meet anticipated funding requirements.

The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lender. As of March 31, 2021 and March 31, 2020; the Company had unutilized credit limits from banks of ₹ 7,157.00 Lakhs and ₹ 6,773.68 Lakhs respectively. The tables below analyze the company's financial liabilities into relevant maturity groupings based on their contractual maturities.

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(₹ in Lakhs)

Contractual maturities of financial liabilities as at March 31, 2021	Carrying Amount	Contractual Cash Flows				
		On demand or within 1 year	Over 1 year within 2 years	Over 3 years within 5 years	Over 5 years	Total
<b>Borrowings:</b>						
Non Current (Refer Note.23)	14.46	Nil	14.46	Nil	Nil	14.46
Current (Refer Note.26 & 28 )	37.51	37.51	Nil	Nil	Nil	37.51
<b>Other Financial Liabilities:</b>						
Non Current (Refer Note.24)	429.13	Nil	429.13	Nil	Nil	429.13
Current (Refer note.28)	815.16	815.16	Nil	Nil	Nil	815.16
<b>Trade Payables</b> (Refer Note.27)	5,007.99	5,007.99	Nil	Nil	Nil	5,007.99
<b>Total</b>	<b>6,304.25</b>	<b>5,860.66</b>	<b>443.59</b>	<b>Nil</b>	<b>Nil</b>	<b>6,304.25</b>

(₹ in Lakhs)

Contractual maturities of financial liabilities as at March 31, 2020	Carrying Amount	Contractual Cash Flows				
		On demand or within 1 year	Over 1 year within 2 years	Over 3 years within 5 years	Over 5 years	Total
<b>Borrowings:</b>						
Non Current (Refer Note.23)	51.97	Nil	29.52	23.46	Nil	52.97
Current (Refer Note.26 & 28)	417.49	417.49	Nil	Nil	Nil	417.49
<b>Other Financial Liabilities:</b>						
Non Current (Refer Note.24)	405.22	Nil	405.22	Nil	Nil	405.22
Current (Refer Note.28)	562.78	562.78	Nil	Nil	Nil	562.78
<b>Trade Payables</b> (Refer Note.27)	4,199.88	4,199.88	Nil	Nil	Nil	4,199.88
<b>Total</b>	<b>5,637.34</b>	<b>5,180.15</b>	<b>434.74</b>	<b>23.46</b>	<b>Nil</b>	<b>5,638.34</b>

### III Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates and commodity prices) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term debt. The Company is exposed to market risk primarily related to foreign exchange rate risk and commodity risk.

#### a) 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).

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

The Company's foreign exchange risk arises mainly from following activities:

**Foreign currency revenues and expenses (primarily in USD and EURO)** : A portion of the Company's revenues are in these foreign currencies, while a significant portion of its costs are in Indian Rupees. As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Company's revenues measured in Indian Rupees may decrease. The exchange rate between the Indian rupee and these foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. As of March 31, 2021, the Company had entered into derivative contracts of ₹ 2,741.63 Lakhs (PY ₹ 2,165.54 Lakhs) to hedge exposure to fluctuations in foreign currency risk. The below sensitivity is calculated after netting off the impact of foreign currency forward contracts which largely mitigate the risk.

Company does not use derivative financial instruments for trading or speculative purposes.

(₹ & FC in Lakhs)

- i) **The following table analyses foreign currency risk from non-derivative financial instruments as at each balance sheet date:**

Particulars	Currency	As at March 31, 2021	As at March 31, 2020
a) Trade Receivables (Against Export)	USD	44.88	34.57
	INR	3,299.05	2,606.36
	EURO	4.77	1.06
	INR	410.77	88.36
b) Trade Payables (Against import - including capital import)	USD	0.17	0.48
	INR	12.50	36.21
Net Statement of Financial Exposure (a - b)	USD	44.71	34.09
	INR	3,286.56	2,570.16
	EURO	4.77	1.06
	INR	410.77	88.36

Note - Figures in bracket denotes credit balance.

- ii) **Foreign Currency Risk Sensitivity**

The sensitivity of profit or loss due to changes in the exchange rates arises mainly from non-derivative foreign currency denominated financial instruments (mainly financial instruments denominated in USD and EURO currencies). The same is summarized as below:

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021		Year Ended March 31, 2020	
	5% Increase	5% Decrease	5% Increase	5% Decrease
USD	164.33	(164.33)	128.51	(128.51)
EURO	20.54	(20.54)	4.42	(4.42)
<b>Total .....</b>	<b>184.87</b>	<b>(184.87)</b>	<b>132.93</b>	<b>(132.93)</b>



## Notes to financial statement (Contd...)

for the year ended March 31, 2021

### b) Interest Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates related primarily to the Company's short-term borrowings with floating interest rates.

The exposure of the company's borrowing to interest rate changes at the end of the reporting period are as follows:

#### i) Exposure to interest rate risk

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Fixed Rate Borrowings (Refer Note.23)	51.97	86.14
Variable Rate Borrowings (Refer Note.23,26 & 28)	Nil	383.32
<b>Total</b>	<b>51.97</b>	<b>469.46</b>

For details of the Company's short-term and long term loans and borrowings, including interest rate profiles, refer to Note 23,26 & 28 of these financial statements.

#### ii) Interest Rate Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
50bp increase would decrease the profit before tax by	Nil	(1.92)
50bp decrease would increase the profit before tax by	Nil	1.92

### c) Price Risk

The company's exposure to price risk arises from investments in mutual funds (Refer Note 13). The company has not undertaken any risk mitigation measures to reduce the price risk. The table below summarises the impact of increases / decreases of share price of the investments and profit for the period. The analysis is based on the assumption that the market price of those investments in Mutual Funds move by 5% point on either side with all other variables held constant.

(₹ in Lakhs)

Period	Total No. of Units held	Average price per unit	Fair Value	% Change in Fair Value	Effect on Profit before Tax
March 31, 2021	1,70,33,512.22	47.36	8,066.46	5.00%	403.32
				-5.00%	(403.32)
March 31, 2020	40,16,506.66	85.19	3,421.63	5.00%	171.08
				-5.00%	(171.08)

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

### 49 Capital Management:

The Company's capital management is intended to maximise the return to shareholders and benefits for other stakeholders for meeting the long-term and short-term goals of the Company; and reduce the cost of capital through the optimization of the capital structure i.e. the debt and equity balance.

The Company monitors the capital structure on the basis of Net debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

The gearing ratio at the end of the reporting period was as follows:

Particulars	(₹ in Lakhs)	
	As at March 31, 2021	As at March 31, 2020
Non Current Borrowing (Refer Note.23)	14.46	51.97
Current Borrowing (Refer Note.26)	Nil	383.32
Current maturity of long term borrowing (Refer Note.28)	37.51	34.17
<b>Total Borrowing</b>	<b>51.97</b>	<b>469.46</b>
Less : Cash and cash Equivalents (Refer Note.15)	1,012.54	892.29
<b>Net debt</b>	<b>Nil</b>	<b>Nil</b>
<b>Equity</b>	<b>36,495.31</b>	<b>30,449.49</b>
Net debt to equity ratio	Nil	Nil

### 50 Details of Payment to Auditors (Refer Note 40)

Particulars	(₹ in Lakhs)	
	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Payment to auditors:</b>		
<b>To Statutory Auditor:</b>		
Audit fee	6.00	6.00
Taxation matters	3.00	3.00
<b>Total .....</b>	<b>9.00</b>	<b>9.00</b>

### 51. Research and development expenditure:

The Company's in house R&D unit has been approved by Government of India, Ministry of Science & Technology, Department of Scientific and Industrial Research, New Delhi. The Company's in house R&D unit is also approved for weighted deduction U/S 35 (2AB) & 35(2) of the Income Tax act, 1961.

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

Details of Capital & Revenue Expenditure of R&D unit incurred during the year is as below:

(₹ in Lakhs)

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	Capital	Revenue	Capital	Revenue
Property, Plant & Equipment	83.33	Nil	323.98	Nil
Intangible Assets	2.50	Nil	Nil	Nil
Employee Benefit Expenses	Nil	345.90	Nil	361.39
Material Consumption	Nil	442.11	Nil	293.07
Manufacturing Expense	Nil	115.64	Nil	121.90
Administration Expenses	Nil	32.67	Nil	53.60
<b>Total Amount Eligible for deduction U/s 35(2AB) of the income Tax Act, 1961.</b>	<b>85.83</b>	<b>936.32</b>	<b>323.98</b>	<b>829.96</b>
Capital Work in Progress	Nil	Nil	2.39	Nil
R&D Building	Nil	Nil	25.77	Nil
<b>Total Amount Eligible for deduction U/s 35(2) of the income Tax Act, 1961.</b>	<b>Nil</b>	<b>Nil</b>	<b>28.16</b>	<b>Nil</b>
<b>Total</b>	<b>85.83</b>	<b>936.32</b>	<b>352.14</b>	<b>829.96</b>

### 52 Earnings Per Share (EPS)

Particulars		Year Ended March 31, 2021	Year Ended March 31, 2020
Net Profit for calculation of basic / diluted EPS	₹ in Lakhs	6,040.61	4,956.36
Weighted Average Number of Equity Shares in calculating Basic and Diluted EPS	Numbers	2,00,00,000	2,00,00,000
Basic and Diluted Earnings Per Share	₹	30.20	24.78
Nominal Value of Equity Shares	₹	30.20	24.78

#### A. Reconciliation on Amount of EPS

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>(a) Basic earnings per share in ₹</b>		
From continuing operations attributable to the equity holders of the company	30.20	24.78
<b>Total basic earnings per share attributable to the equity holders of the company</b>	<b>30.20</b>	<b>24.78</b>
<b>(b) Diluted earnings per share in ₹</b>		
From continuing operations attributable to the equity holders of the company	30.20	24.78
<b>Total diluted earnings per share attributable to the equity holders of the company</b>	<b>30.20</b>	<b>24.78</b>

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

### B. Reconciliations of earnings used in calculating earnings per share

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>(a) Basic earnings per share</b>		
Profit attributable to the equity holders of the company used in calculating basic earnings per share:	6,040.61	4,956.36
<b>(b) Diluted earnings per share</b>		
Profit attributable to the equity holders of the company used in calculating diluted earnings per share	6,040.61	4,956.36

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

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>(a) Basic earnings per share</b>		
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	2,00,00,000	2,00,00,000
<b>(b) Diluted earnings per share</b>		
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	2,00,00,000	2,00,00,000

### D. Increase / decrease in EPS due to retrospective restatement of prior period error

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
(a) Basic earnings per share	Nil	Nil
(b) Diluted earnings per share	Nil	Nil

## 53. Related Parties Disclosures

### (i) List of related parties:

Name of related party	Nature of relationship
Lincoln Parenteral Limited	Subsidiary
Zullinc Healthcare LLP	Subsidiary
Savebux Enterprises Private Limited (Voluntarily wound up w.e.f. 03/03/2021)	Subsidiary
<b>Key Managerial Personnel:</b>	
Mahendra G Patel	Managing Director
Hashmukh I Patel	Whole-Time Director
Ashish R Patel	Whole-Time Director
Munjai M Patel	Whole-Time Director

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

Name of related party	Nature of relationship
Rajnikant G Patel	Director
Arvindbhai G Patel	Director
Ishwarlal A Patel	Director
Darshit A Shah	Chief Financial Officer
Niren A Desai	Company Secretary
<b>Entities in which Key managerial personnel and/or their relatives have control:</b>	
Downtown Finance Pvt Ltd	Entity controlled by Key Managerial Personnel/ or their relatives
Downtown Travels LLP	Entity controlled by Key Managerial Personnel/ or their relatives
Sunmed corporation LLP	Entity controlled by Key Managerial Personnel/ or their relatives
Shardaben Gulabdas Patel Public Charitable Trust	Entity controlled by Key Managerial Personnel/ or their relatives
Shree Corporation	Entity controlled by Key Managerial Personnel/ or their relatives
<b>Relatives of Key Managerial Personnel:</b>	
Ashish R Patel HUF	HUF of Whole Time Director
Mahendra G Patel HUF	HUF of Managing Director
Munjali M Patel HUF	HUF of Whole Time Director
Anand A Patel	Son of Director
Dharmisthaben H Patel	Wife of Whole Time Director
Hansaben A Patel	Wife of Director
Jigar H Patel	Son of Whole Time Director
Mansi M Patel	Wife of Whole Time Director
Nidhi M Patel	Daughter of Managing Director
Aniruddh H Patel	Son of Whole Time Director
Shardaben G Patel	Mother of Managing Director / Whole Time Director
Shivani B Shah	Wife of Whole Time Director
Siddarth R Patel	Son of Director
Kailashben M Patel	Wife of Managing Director
Kalpanaben R Patel	Wife of Director



## Notes to financial statement (Contd...)

for the year ended March 31, 2021

- (ii) Transactions during the year and balances outstanding with related parties are as under:  
Transactions with related parties during the year:

(₹ in Lakhs)

Name of related party	Nature of Transaction	Year ended March 31, 2021	Year ended March 31, 2020
Lincoln Parenteral Limited	Purchase of goods	3,829.34	3,846.13
	Sale of goods	229.45	268.05
	Job Work Charges	45.36	63.95
	Interest income on Unwinding of discount	108.02	116.82
	Reimbursement of Expenses	70.87	70.50
Zullinc Healthcare LLP	Sale of products	47.10	45.94
	Share of profit	7.92	5.36
Savebux Enterprises Private Limited (Voluntarily wound up w.e.f. 03/03/2021)	Investment in equity instruments Received Back	5.00	195.00
	Advance received back	Nil	1.60
	Dividend Income	2.80	Nil
Downtown Finance Pvt Ltd	Dividend Paid	Nil	3.18
Downtown Travels LLP	Travelling expenses	33.62	49.98
	Dividend Paid	Nil	14.25
Sunmed Corporation LLP	Commission	6.02	6.20
	Dividend Paid	Nil	15.00
Shardaben Gulabdas Patel Public Charitable Trust	CSR contribution	64.11	34.90
Shree Corporation	Advance Received back	Nil	12.59
	Advance given	Nil	16.56
Ashish R Patel HUF	Commission	47.20	27.49
Mahendra G Patel HUF	Commission	Nil	11.80
Munjal M Patel HUF	Commission	Nil	11.80
Ashish R Patel	Remuneration	43.51	40.01
	Dividend Paid	Nil	15.89
Hashmukh I Patel	Remuneration	30.44	27.85
	Dividend Paid	Nil	11.21
Mahendra G Patel	Remuneration	25.31	23.08
	Dividend Paid	Nil	15.05
	Rent	6.50	3.50
	Advances given	Nil	1.85
Munjal M Patel	Remuneration	27.84	25.21
	Dividend Paid	Nil	24.47

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

(₹ in Lakhs)			
Name of related party	Nature of Transaction	Year ended March 31, 2021	Year ended March 31, 2020
Rajnikant G Patel	Dividend Paid	Nil	9.16
Darshit A Shah	Remuneration	8.88	8.40
Niren A Desai	Remuneration	4.27	0.35
Bhavik P Parikh (Upto February 27, 2020)	Remuneration	Nil	1.56
Kailashben M Patel	Rent	6.50	5.35
	Dividend Paid	Nil	9.90
Kalpanaben R Patel	Dividend Paid	Nil	8.79
Anand A Patel	Dividend Paid	Nil	3.96
Arvindbhai G Patel	Dividend Paid	Nil	3.33
Dharmisthaben H Patel	Dividend Paid	Nil	1.95
Hansaben A Patel	Dividend Paid	Nil	3.52
Ishwarlal A Patel	Dividend Paid	Nil	1.51
Jigar H Patel	Dividend Paid	Nil	1.54
Mansi M Patel	Dividend Paid	Nil	6.00
Nidhi M Patel	Dividend Paid	Nil	1.62
Aniruddh H Patel	Dividend Paid	Nil	1.54
Nishit M Patel	Dividend Paid	Nil	5.46
Shardaben G Patel	Dividend Paid	Nil	0.94
Shivani B Shah	Dividend Paid	Nil	6.06
Siddarth R Patel	Dividend Paid	Nil	12.60

### Compensation to Key Managerial Personnel

(₹ in Lakhs)		
Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Short term Employee benefit	140.25	126.45
Post Employment Benefits	5.28	3.57
<b>Total</b>	<b>145.53</b>	<b>130.02</b>

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

### Balances outstanding at each reporting date:

(₹ in Lakhs)

Name of related party	Nature of Amount	As at March 31, 2021	As at March 31, 2020
<b>Lincoln Parenteral Limited:</b>			
Investment in equity instruments	Non-current investments	1,992.52	1,992.52
Investment in other equity instruments	Non-current investments	546.19	575.93
Security deposits	Non-current loans	1,482.44	1,674.42
Advances to Supplier	Other Current Asset	6.69	679.66
<b>Zullinc Healthcare LLP:</b>			
Investment in equity instruments	Non-current investments	5.00	5.00
Share of profit receivable	Other current financial assets	117.27	109.34
Outstanding receivable	Trade receivables	662.25	698.57
<b>Savebux Enterprise Private Limited (Voluntarily wound up w.e.f. 03/03/2021)</b>			
Investment in equity instruments	Non-current investments	Nil	5.00
<b>Sunmed corporation LLP:</b>			
Advance to suppliers	Other current assets	116.25	116.25
Outstanding payables	Trade payables	(4.37)	(4.37)
Downtown Travels LLP	Trade payables	Nil	(19.91)
Downtown Travels LLP	Other current assets	22.63	Nil
Ashish R Patel	Other current Financial Liability	(1.49)	Nil
Mahendra G Patel	Other current assets	8.26	8.36
Munjal M Patel	Other Current assets	Nil	1.75
Munjal M Patel	Trade Payables	1.53	Nil
Kailashben M Patel	Trade Payables	3.27	2.00
Shree Corporation	Trade Receivable	3.97	3.97
Hashmukh I Patel	Other current Financial Liability	(0.95)	5.00
Niren A Desai	Other current Financial Liability	(36.94)	Nil
Darshit A Shah	Other current Financial Liability	(0.63)	Nil

Note: Figures in bracket denotes credit balance.

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

- (iii) Disclosures pursuant to the Regulation 34(3) read with para A of Schedule V to the SEBI (Listing obligations and disclosure requirements) Regulations, 2015 read with section 186(4) of the Companies Act, 2013:

(₹ in Lakhs)

Particulars	Purpose	Closing Balance	
		As at March 31, 2021	As at March 31, 2020
<b>Loans &amp; Advances in the nature of Loans to Subsidiaries</b>			
Lincoln Parenteral Limited (Security Deposits)	Business Purpose	1,482.44	1,674.42

(₹ in Lakhs)

Particulars	Purpose	Maximum Amount Outstanding	
		Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Loans &amp; Advances in the nature of Loans to Subsidiaries</b>			
Lincoln Parenteral Limited (Security Deposits)	Business Purpose	1,482.44	1,674.42

### 54 Changes in Liabilities arising from Financial Activities

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Opening Balance	5,637.33	8,034.55
Cash inflow of non-current borrowings	Nil	40.00
Cash outflow of non-current borrowings	(34.17)	(305.37)
Changes in current borrowings cash flows	(383.32)	(2,626.05)
Changes in trade payable cash flows	808.11	629.07
Change in other current financial liability	284.47	(197.19)
Change in other non-current financial liability	23.91	37.74
Others	(32.09)	24.60
Closing Balance	6,304.25	5,637.33

### 55. Details Of Hedged And Unhedged Exposure in Foreign Currency Denominated Monetary Items

#### a. Exposure in foreign currency - Hedged

The Company enters into forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

The forward exchange contracts used for hedging foreign currency exposure and outstanding as at reporting date are as under:

(₹ & FC in Lakhs)

Currency	Number of Contracts	Sell Amount in Foreign Currency	Indian ₹ Equivalent
Forward contract to Sell USD - As at 31/03/2021	8	37.50	2,741.63
Forward contract to Sell USD - As at 31/03/2020	8	27.00	2,042.96
Forward contract to Sell EURO - As at 31/03/2020	2	1.48	122.59

### b. Exposure in foreign currency - Unhedged

The foreign currency exposure not hedged as at 31st March, 2021 and 31st March, 2020 are as under:

(FC in Lakhs)

Currency	Payable (In FC)		Receivable (In FC)	
	As at 31/03/2021	As at 31/03/2020	As at 31/03/2021	As at 31/03/2020
USD	0.17	0.48	44.88	34.57
EURO	Nil	Nil	4.77	1.06

(₹ in Lakhs)

Currency	Payable (In INR)		Receivable (In INR)	
	As at 31/03/2021	As at 31/03/2020	As at 31/03/2021	As at 31/03/2020
USD	12.50	36.21	3,299.05	2,606.36
EURO	Nil	Nil	410.77	88.36

## 56 Corporate Social Responsibility

Details of amount required to be spent by the company towards Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 is stated as below:

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Gross amount required to be spent by the company during the year	109.57	92.50
Amount Spent during the year on		
(i) Construction/ Acquisition of any assets		
In Cash	Nil	Nil
Yet to be paid	Nil	Nil
(ii) On purpose other than (i) above		
In Cash	111.18	99.11
Yet to be paid	Nil	Nil



## Notes to financial statement (Contd...)

for the year ended March 31, 2021

### 57 Due to Micro and Small Enterprise

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came in to force from 02.10.2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with management, outstanding dues to the Micro and Small enterprise as defined in the MSMED Act, 2006 are disclosed as below:

(₹ in Lakhs)

Particulars	As At 31/03/2021	As At 31/03/2020
a) The Principal amount remaining unpaid to Micro and Small enterprise supplier as at the year end	700.05	654.39
b) Interest due thereon	Nil	Nil
c) Amount of interest paid by the Company in terms of section 16 of MSMED Act	Nil	Nil
d) 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 the MSMED 2006	Nil	Nil
e) Amount of interest accrued and remaining unpaid at the end of accounting year	Nil	Nil
f) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance of a deductible expenditure under section 23 of Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Company and the same has been relied by the Auditor.

### 58. Dividends

(₹ in Lakhs)

Particulars	As At 31/03/2021	As At 31/03/2020
<b>Equity shares</b>		
Final dividend for the year ended 31 March 2021 of ₹ Nil (31 March 2020 – ₹ 1.50) per fully paid share has been distributed	Nil	300.00
Interim dividend for the year 2020-21 of ₹ Nil (in the year 2019-20- ₹ 1.50) per fully paid share has been distributed	Nil	300.00
<b>Dividends not recognised at the end of the reporting period</b>		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ 1.50/- per fully paid equity share as on 31 <sup>st</sup> March 2021. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	300.00	Nil

## Notes to financial statement (Contd...)

for the year ended March 31, 2021

### 59 Assets Pledged as Security

The Carrying amount of assets Pledged as Security for Current and non Current borrowing are:

(₹ in Lakhs)

Particulars	Note No.	As At 31/03/2021	As At 31/03/2020
<b>Non-Current Assets</b>			
Property Plant & Equipment	5	8,751.37	8,728.70
<b>Total Non Current Assets pledged as Security</b>		<b>8,751.37</b>	<b>8,728.70</b>
<b>Current Assets</b>			
Inventories	12	4,026.65	3,753.73
<b>Financial Assets</b>			
Investments	13	8,066.47	3,421.63
Trade Receivable	14	10,223.45	9,099.52
Cash and cash equivalents	15	1,012.54	892.29
Loans	16	1,836.00	1,441.70
Other Bank Balance	17	222.80	213.77
Other Financial Assets	18	176.66	123.01
Other Current Assets	20	1,990.40	2,576.84
<b>Total Current Assets pledged as Security</b>		<b>27,554.97</b>	<b>21,522.49</b>
<b>Total Assets Pledged as Security</b>		<b>36,306.35</b>	<b>30,251.18</b>

Note: Asset pledge as security includes the Securities hypothecated with the bank for current and non-current borrowing by the company.

60. Due to outbreak of COVID-19 globally and in India, the Company has considered the possible effects that may result from COVID-19 on the carrying amounts of financial and non financial assets as well as liabilities accrued. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID 19 situation evolves in India and globally. Having reviewed the underlying data and based on current estimates the Company expects the carrying amount of these assets will be recovered and there is no significant impact on liabilities accrued. However, the Company will continue to closely monitor any material changes to future economic conditions.
61. Previous year's figures have been regrouped and rearranged wherever necessary, to make them comparable with those of current year.

As per our report of even date attached herewith.  
**For, J. T. Shah & Co**  
**Chartered Accountants**  
**(Firm Regd. No.109616W)**

**[J. J. Shah]**  
**Partner**  
**(M.No. 045669)**  
**UDIN:21045669AAAACR1620**

Place : Ahmedabad  
Date: 25/05/2021

For and on behalf of the Board of Directors of  
**Lincoln Pharmaceuticals Limited**

**(Mahendra G. Patel)**  
(Managing Director)  
(DIN : 00104706)

**(Darshit A. Shah)**  
(Chief Financial Officer)

Place: Ahmedabad  
Date: 25/05/2021

**(Hashmukh I. Patel)**  
(Whole Time Director)  
(DIN : 00104834)

**(Niren A. Desai)**  
(Company Secretary)  
(M. No. A60285)

## INDEPENDENT AUDITORS' REPORT

To,  
The Members of  
**Lincoln Pharmaceuticals Limited**

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

- We have audited the accompanying consolidated financial statements of **Lincoln Pharmaceuticals Limited** (hereinafter referred to as the "Holding Company") and its subsidiary (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at **31<sup>st</sup> March, 2021**, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity for the year then ended and a summary of the 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 the report of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ("Ind AS") specified under Section 133 of the Act of the consolidated state of affairs (consolidated financial position) of the group as at 31<sup>st</sup> March 2021, and its consolidated profit (consolidated financial performance including other comprehensive income), its consolidated cash flow and the consolidated change in equity for the year ended on that date.

#### Basis for Opinion

- We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statement 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 and the auditevidence obtained by the other auditors in terms of their reports referred in paragraph 15 of the other matter paragraph below, is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
<b>Measurement of Expected Credit Loss on Trade Receivables</b> Trade receivables amount to ₹ 11,132.75 Lakhs after providing for an impairment based on expected credit loss method of ₹ 185.83 Lakhs. The measurement of expected credit loss is based on provision matrix that identifies receivables on number of days remaining outstanding and empirical data on recoverability. This Provision matrix requires to be updated regularly based on the circumstantial evidences which may result in significant variation in measurement from one period to other.	The management's estimations for impairment based on expected credit loss method, our audit procedures included the following: <ul style="list-style-type: none"> <li>Obtained a list of receivables</li> <li>We analysed the aging of receivables;</li> <li>Identified any receivables with financial difficulty through discussion with management;</li> <li>We obtained receivables balance confirmations on a sample basis;</li> <li>Tested subsequent settlement of receivables after the balance sheet date on a sample basis;</li> <li>In respect of receivables overdue for a period of 90 days or more, we assessed the recoverability through inquiry with management and by obtaining sufficient corroborative evidence to support the conclusions.</li> </ul>

## INDEPENDENT AUDITORS' REPORT (Contd...)

### Information other than the Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the management Discussion & Analysis, Report on Corporate governance and Director's report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and as may be legally advised.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated change in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind As specified under section 133 of the Act. The respective Board of Directors of the companies/entities included in the Group are responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS Financial statements. Further in terms of the provision of the Act, 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 the assets of the Group and for preventing and detecting frauds and other irregularities; the 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated 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.
9. The respective Board of Directors of the companies included in the Group and of its associate are responsible for oversee the financial reporting process of the Group and of its associates.

### Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

## INDEPENDENT AUDITORS' REPORT (Contd...)

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities 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 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 financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
12. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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.
  13. 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.
  14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.
  15. **Other Matters**
    - (a) We did not audit the financial statements / financial information of 1 subsidiary, whose financial statements / financial information reflect total assets of Rs.856.28 Lakhs as at 31<sup>st</sup> March, 2021, total income of Rs.169.72 Lakhs and net cash flows amounting to Rs.3.75 Lakhs for the year ended on



## INDEPENDENT AUDITORS' REPORT (Contd...)

that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

- (b) Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

### Report on Other Legal and Regulatory Requirements

16. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit our audit of the aforesaid consolidated financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- (d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies covered under the act, none of the directors of the Group companies covered under the Act, are disqualified as on 31<sup>st</sup> March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- the consolidated financial statement has disclosed the impact of pending litigations on its financial position in the Consolidated financial statements; (Refer Note 45 to the financial statements);
  - The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies.

**For, J.T. Shah & Co.**  
Chartered Accountants,  
[Firm Regd. No. 109616W]

(J. J. Shah)  
Partner

[M. No. 045669]

UDIN:21045669AAAACS5769

Place: Ahmedabad  
Date: 25/05/2021

## ANNEXURE “A” TO INDEPENDENT AUDITOR’S REPORT

Referred to in paragraph 16(f) of our Report of even date to the Members of **Lincoln Pharmaceuticals Limited** for the year ended **31<sup>st</sup> March, 2021**.

### **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 Consolidated Ind AS financial statements of the Company for the year ended 31<sup>st</sup> March, 2021, we have audited the internal financial controls over financial reporting of **Lincoln Pharmaceuticals Limited** (hereinafter referred to as the “Holding Company”) and its Subsidiary Companies as of that date.

#### **Management’s Responsibility for Internal Financial Controls**

The respective board of Directors of the Holding, its Subsidiary Companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding and its Subsidiary Companies 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding and Its Subsidiaries.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## ANNEXURE “A” TO INDEPENDENT AUDITOR’S REPORT (Contd...)

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### Opinion

In our opinion to the best of our information and according to the explanations given to us , Holding and its Subsidiary Companies have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2021, based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For, J.T. Shah & Co.**  
**Chartered Accountants,**  
**[Firm Regd. No. 109616W]**

**Place: Ahmedabad**  
**Date: 25/05/2021**

**(J. J. Shah)**  
**Partner**  
**[M. No. 045669]**  
**UDIN: 21045669AAAACS5769**

## Consolidated Balance Sheet as at March 31, 2021

(₹ in Lakhs)			
Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
<b>A ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	5	10,996.48	11,282.83
(b) Right to use asset	5A	27.54	29.70
(c) Capital work-in-progress	6	168.58	4.03
(d) Goodwill on consolidation	7	922.56	922.56
(e) Other intangible assets	7	39.81	36.94
(f) Financial assets			
(i) Investments	8	8.55	8.55
(ii) Loans	9	2,509.44	1,478.17
(iii) Other	10	75.17	17.85
(g) Other non-current assets	11	543.45	358.44
<b>Total Non - current assets</b>		<b>15,291.58</b>	<b>14,139.07</b>
<b>2 Current assets</b>			
(a) Inventories	12	4,661.27	4,739.62
(b) Financial assets			
(i) Investments	13	8,066.47	3,421.63
(ii) Trade receivables	14	11,132.75	10,133.61
(iii) Cash and cash equivalents	15	1,143.84	1,223.05
(iv) Other bank balances	16	240.28	235.10
(v) Loans	17	1,878.00	1,588.41
(vi) Other financial assets	18	59.39	13.67
(c) Current tax assets (Net)	19	Nil	0.11
(d) Other current assets	20	3,463.59	3,444.56
<b>Total Current assets</b>		<b>30,645.59</b>	<b>24,799.76</b>
<b>Total Assets (1+2)</b>		<b>45,937.17</b>	<b>38,938.83</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>1 EQUITY</b>			
(a) Share capital	21	2,000.00	2,000.00
(b) Other equity	22	35,529.20	29,308.91
<b>Equity attributable to equity holders of the company</b>		<b>37,529.20</b>	<b>31,308.91</b>
(c) Non-controlling interest	23	40.76	38.20
<b>Total Equity</b>		<b>37,569.96</b>	<b>31,347.11</b>

## Consolidated Balance Sheet as at March 31, 2021 (Contd...)

(₹ in Lakhs)

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
<b>LIABILITIES</b>			
<b>2 Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	24	14.45	84.89
(ii) Other financial liabilities	25	429.16	405.24
(b) Deferred tax liabilities (Net)	26	569.05	543.30
<b>Total Non - Current Liabilities</b>		<b>1,012.66</b>	<b>1,033.43</b>
<b>3 Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	27	Nil	383.32
(ii) Trade payables	28		
- Total outstanding dues of micro and small enterprises		871.53	799.13
- Total outstanding dues of creditors other than micro and small enterprises		4,807.70	4,325.14
(iii) Other financial liabilities	29	889.67	611.12
(b) Other current liabilities	30	453.78	301.49
(c) Provisions	31	15.99	44.39
(d) Current tax liabilities (Net)	32	315.88	93.70
<b>Total Current liabilities</b>		<b>7,354.55</b>	<b>6,558.29</b>
<b>Total Equity and Liabilities (1+2+3)</b>		<b>45,937.17</b>	<b>38,938.83</b>
<b>Summary of significant accounting policies</b>	4		

As per our report of even date attached herewith.

**For, J. T. Shah & Co**  
**Chartered Accountants**  
**(Firm Regd. No.109616W)**

**[J. J. Shah]**  
**Partner**  
**(M.No. 045669)**  
**UDIN:21045669AAAACS5769**

Place : Ahmedabad  
Date: 25/05/2021

For and on behalf of the Board of Directors of  
**Lincoln Pharmaceuticals Limited**

**(Mahendra G. Patel)**  
(Managing Director)  
(DIN : 00104706)

**(Darshit A. Shah)**  
(Chief Financial Officer)

Place: Ahmedabad  
Date: 25/05/2021

**(Hashmukh I. Patel)**  
(Whole Time Director)  
(DIN : 00104834)

**(Niren A. Desai)**  
(Company Secretary)  
(M. No. A60285)



## Consolidated Statement of Profit and Loss for the year ended March 31, 2021

(₹ in Lakhs)			
Particulars	Note No.	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>I</b> Revenue from operations	33	42,418.55	38,649.05
<b>II</b> Other income	34	566.39	1,104.02
<b>III Total income (I + II)</b>		<b>42,984.94</b>	<b>39,753.07</b>
<b>IV EXPENSES</b>			
(a) Cost of materials consumed	35	12,343.27	13,372.60
(b) Purchases of stock-in-trade	36	7,031.43	5,759.95
(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	37	399.07	(841.34)
(d) Employee benefit expense	38	6,073.79	5,865.38
(e) Finance costs	39	156.19	201.76
(f) Depreciation and amortisation expense	40	756.03	732.62
(g) Other expenses	41	7,853.11	7,938.84
<b>Total Expenses</b>		<b>34,612.89</b>	<b>33,029.81</b>
<b>V Profit before tax (III- IV)</b>		<b>8,372.05</b>	<b>6,723.26</b>
<b>VI Tax Expense</b>			
(a) Current tax	42	2,129.04	1,566.96
(b) Deferred tax liability / (assets)	42	24.72	4.03
(c) Short/(Excess) Provision of Tax	42	(6.68)	5.62
<b>Total tax expense</b>		<b>2,147.08</b>	<b>1,576.61</b>
<b>VII Profit for the year (V - VI)</b>		<b>6,224.97</b>	<b>5,146.65</b>
<b>VIII Other comprehensive income</b>			
i) Items that will not be reclassified to Statement of profit and loss			
Remeasurements of the defined benefit plans	43	2.94	(65.09)
ii) Income tax relating to items that will not be reclassified to profit or loss	43	(1.03)	18.91
<b>IX Total other comprehensive income</b>		<b>1.91</b>	<b>(46.18)</b>
<b>X Total comprehensive income for the year (VII+IX)</b>		<b>6,226.88</b>	<b>5,099.98</b>
<b>Profit for the year attributable to</b>			
Equity holders of the company		6,222.36	5,143.94
Non-controlling interest		2.61	2.71
<b>Other comprehensive income attributable to</b>			
Equity holders of the company		1.96	(46.15)
Non-controlling interest		(0.05)	(0.03)
<b>Total comprehensive income attributable to</b>			
Equity holders of the company		6,224.32	5,097.79
Non-controlling interest		2.56	2.68
<b>XI Basic &amp; diluted earnings per share of face value of ₹ 10 each fully paid up.</b>			
(a) Basic	54	31.11	25.72
(b) Diluted	54	31.11	25.72

As per our report of even date attached herewith.

**For, J. T. Shah & Co**  
Chartered Accountants  
(Firm Regd. No.109616W)

**[J. J. Shah]**  
Partner  
(M.No. 045669)  
UDIN:21045669AAAACS5769

Place : Ahmedabad  
Date: 25/05/2021

For and on behalf of the Board of Directors of  
**Lincoln Pharmaceuticals Limited**

**(Mahendra G. Patel)**  
(Managing Director)  
(DIN : 00104706)

**(Darshit A. Shah)**  
(Chief Financial Officer)

Place: Ahmedabad  
Date: 25/05/2021

**(Hashmukh I. Patel)**  
(Whole Time Director)  
(DIN : 00104834)

**(Niren A. Desai)**  
(Company Secretary)  
(M. No. A60285)

## Consolidated Statement of Cash Flow for the year ended March 31, 2021

(₹ in Lakhs)		
Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Cash flow from operating activities</b>		
Profit before tax	8,372.05	6,723.23
<b>Adjustments for :</b>		
Depreciation and amortisation expense	756.03	732.62
Finance costs	156.19	201.76
Provision for Expected Credit Loss	9.10	4.24
Rate & Taxes	80.80	Nil
Dividend income	(2.80)	Nil
Bad debt written off	Nil	207.49
MTM (gain) / loss on fair valuation of derivative financial instruments	(52.25)	45.60
Loss on sale of Property, Plant & Equipment (Net)	5.27	4.02
Interest income	(223.72)	(150.03)
(Gain) / loss on fair valuation of non investment	(238.30)	(169.98)
Gain on sale of Current Investment	(6.69)	(9.57)
<b>Operating profit before working capital changes</b>	<b>8,855.68</b>	<b>7,589.38</b>
<b>Changes in operating assets and liabilities:</b>		
(Increase)/Decrease in Inventories	78.35	(1,117.03)
(Increase)/Decrease in Trade receivables	(1,008.23)	1,901.63
(Increase)/Decrease in Other Non Current Financial Assets	(15.80)	(4.97)
(Increase)/Decrease in Other Current Financial Assets	(16.80)	2.70
(Increase)/Decrease in Other non current assets	(16.57)	(18.89)
(Increase)/Decrease in Other current assets	(19.03)	7.77
Increase/(Decrease) in Trade payable	554.96	722.80
Increase/(Decrease) in Other non current financial liabilities	23.92	37.74
Increase/(Decrease) in Other current financial liabilities	312.80	(295.03)
Increase/(Decrease) in Other current liabilities	152.29	217.11
Increase/(Decrease) in Short-term Provisions	(25.46)	(20.72)
<b>Cash flow generated from operations</b>	<b>8,876.11</b>	<b>9,022.49</b>
Direct taxes paid (net)	(1,949.13)	(1,480.97)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>6,926.98</b>	<b>7,541.52</b>
<b>Cash flows from investing activities</b>		
Purchase of Property, Plant and Equipment	(875.03)	(769.08)
Proceeds from sale of Property, Plant and Equipments	6.50	50.76
(Increase)/Decrease in Margin Money Deposit	(44.38)	(23.45)
(Increase)/Decrease in Non current Loan	(1,031.27)	101.08
(Increase)/Decrease in current financial Loan	(289.59)	(1,163.40)
Interest received	203.11	150.84
Dividend received	2.80	Nil
Sale of Current Investment	1,050.42	599.99
Purchase of Current Investment	(5,450.27)	(2,035.00)
Amount received from Equity Instrument of Subsidiary on Voluntarily wound up	5.00	Nil

## Consolidated Statement of Cash Flow for the year ended March 31, 2021 (Contd...)

(₹ in Lakhs)		
Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>(6,422.71)</b>	<b>(3,088.26)</b>
<b>Cash flows from financing activities</b>		
Proceeds of Long term borrowings	Nil	81.00
Repayment of Long-term borrowings	(72.11)	(308.43)
Repayment of Short-term borrowings	(383.32)	(2,626.03)
Dividend paid on equity shares (incl. tax thereon)	Nil	(723.34)
Finance costs Paid	(119.13)	(199.09)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>(574.56)</b>	<b>(3,775.89)</b>
<b>NET INCREASED IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>(70.29)</b>	<b>677.37</b>
Cash and cash equivalents at the beginning of the year* (Refer Note.(ii) below)	1,214.13	545.68
<b>Cash and cash equivalents at the end of the year</b>	<b>1,143.84</b>	<b>1,223.05</b>

### Notes:

- (i) Components of cash and cash equivalents at each balance sheet date: (₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Cash on hand	33.56	39.48
Balances with Bank	1,110.28	1,183.57
<b>Total Cash and cash equivalents (Refer Note No. 15)</b>	<b>1,143.84</b>	<b>1,223.05</b>

- (ii) Reconciliation of Opening cash and cash equivalents at each balance sheet date: (₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Opening Cash and Cash Equivalent	1,223.05	Nil
Less : Exclusion of Cash and Cash equivalent of Subsidiary from 01/04/2020 as the company ceased to exist as Subsidiary as voluntarily wound up w.e.f. 03/03/2021	(8.92)	Nil
<b>Total Cash and cash equivalents</b>	<b>1,214.13</b>	<b>Nil</b>

- (ii) The above cash flow statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard - 7 Cash Flow Statements specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

As per our report of even date attached herewith.

**For, J. T. Shah & Co**  
Chartered Accountants  
(Firm Regd. No.109616W)

**[J. J. Shah]**  
Partner  
(M.No. 045669)  
UDIN:21045669AAAACS5769

Place : Ahmedabad  
Date: 25/05/2021

For and on behalf of the Board of Directors of  
**Lincoln Pharmaceuticals Limited**

**(Mahendra G. Patel)**  
(Managing Director)  
(DIN : 00104706)

**(Darshit A. Shah)**  
(Chief Financial Officer)

Place: Ahmedabad  
Date: 25/05/2021

**(Hashmukh I. Patel)**  
(Whole Time Director)  
(DIN : 00104834)

**(Niren A. Desai)**  
(Company Secretary)  
(M. No. A60285)

## Consolidated Statement of Changes in Equity for the year ended March 31, 2021

### Equity Share Capital

(₹ in Lakhs)

Particulars	Note No.	Amount
Balance as on 1 <sup>st</sup> April, 2019	21	2,000.00
Changes during the year		Nil
Balance as on 31 <sup>st</sup> March, 2020	21	2,000.00
Changes during the year		Nil
Balance as on 31 <sup>st</sup> March, 2021	21	2,000.00

### Other Equity

(₹ in Lakhs)

Particulars	Note No.	Reserves and Surplus			Capital Reserve	Equity Securities Premium	Non-Controlling Interest	Total
		Retained Earnings		General Reserve				
		Profit and Loss	Other Comprehensive Income					
Balance as at 1 <sup>st</sup> April, 2019		17,648.28	13.30	776.22	35.00	6,461.66	35.52	24,969.98
Profit for the year		5,143.94	Nil	Nil	Nil	Nil	2.71	5,146.65
Other comprehensive income for the year (net of Tax)		Nil	(46.15)	Nil	Nil	Nil	(0.03)	(46.18)
Change in Minority Portion		Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payment of Dividends		(300.00)	Nil	Nil	Nil	Nil	Nil	(300.00)
Tax on Dividends		(61.67)	Nil	Nil	Nil	Nil	Nil	(61.67)
Payment of Interim Dividends		(300.00)	Nil	Nil	Nil	Nil	Nil	(300.00)
Tax on Interim Dividends		(61.67)	Nil	Nil	Nil	Nil	Nil	(61.67)
Transfer to General Reserve		(50.00)	Nil	50.00	Nil	Nil	Nil	Nil
Balance as at 31 <sup>st</sup> March, 2020	22	22,018.88	(32.85)	826.22	35.00	6,461.66	38.20	29,347.11
Profit for the year		6,222.36	Nil	Nil	Nil	Nil	2.61	6,224.97
Other comprehensive income for the year (net of Tax)		Nil	1.96	Nil	Nil	Nil	(0.05)	1.91
Exclusion of Opening balance of Statement of Profit & Loss on Voluntarily wound up of subsidiary		(4.03)	Nil	Nil	Nil	Nil	Nil	(4.03)
Change Due to Reversal of Corporate Guarantee		Nil	Nil	Nil	Nil	Nil	Nil	Nil
Transfer to General Reserve		(50.00)	Nil	50.00	Nil	Nil	Nil	Nil
Balance as at 31 <sup>st</sup> March, 2021	22	28,187.21	(30.89)	876.22	35.00	6,461.66	40.76	35,569.96

As per our report of even date attached herewith.

**For, J. T. Shah & Co**  
Chartered Accountants  
(Firm Regd. No.109616W)

**[J. J. Shah]**  
Partner  
(M.No. 045669)  
UDIN:21045669AAAACS5769

Place : Ahmedabad  
Date: 25/05/2021

For and on behalf of the Board of Directors of  
**Lincoln Pharmaceuticals Limited**

**(Mahendra G. Patel)**  
(Managing Director)  
(DIN : 00104706)

**(Darshit A. Shah)**  
(Chief Financial Officer)

Place: Ahmedabad  
Date: 25/05/2021

**(Hashmukh I. Patel)**  
(Whole Time Director)  
(DIN : 00104834)

**(Niren A. Desai)**  
(Company Secretary)  
(M. No. A60285)

## Notes to consolidated financial statement

for the year ended March 31, 2021

### 1. Corporate information:

The consolidated financial statements relate to Lincoln Pharmaceuticals Limited ("the Group") and its subsidiary Companies. Lincoln Pharmaceuticals Limited is a listed Group, incorporated on January 20, 1995 under the provisions of the Companies Act 1956, having its registered office in the Ahmedabad, Gujarat, India. The shares of the Group are listed on BSE and NSE. The Group is engaged in the business of manufacturing and trading of pharmaceutical products. The Group and its subsidiaries constitute "the Group". The details of the subsidiaries along with nature of business are as under:

Subsidiary Name	Nature of Business	% of Voting Power by the Holding Group (Refer Note 52)	Accounting Period
Lincoln Parenteral Limited	Manufacturing and Trading of Pharmaceutical Products	98.58%	Considered for the period: April 1, 2020 to March 31, 2021
Zullinc Healthcare LLP	Manufacturing and Trading of Pharmaceutical Products	100%	Considered for the period: April 1, 2020 to March 31, 2021

The Consolidated financial statements are approved for issue by the Group's Board of Directors on May 25, 2021.

Note : Savebux Enterprises Private Limited has been voluntarily wound up w.e.f. 03/03/2021, so consolidation of the said subsidiary has been made in Fy. 2019-20 only.

### 2. Statement of compliance:

The consolidated financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended read with Section 133 of the Companies Act, 2013.

The current consolidated financial statements comprising of Balance Sheet, Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows as at March 31, 2021 have been prepared in accordance with Indian Accounting Standards ('Ind

AS') as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The accounting policies are applied consistently to all the periods presented in the Consolidated financial statements.

### 3. Basis of preparation and principles of Consolidation:

#### i) Basis of preparation:

The consolidated financial statements have been prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 2013 including Indian Accounting Standards notified there under, except for the following where the fair valuation have been carried out in accordance with the requirements of respective Ind AS:

- Employee defined benefit plans – Plan assets - Note No. 46.
- Financial Instruments recognised at FVTPL or FVTOCI - Note No. 48.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

#### ii) Principles of consolidation:

- Subsidiaries are those entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.



## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

- B. The group combines the financial statements of the parent and its subsidiaries line by line adding together the book value of like items of assets, liabilities, equity, income and expenses. Inter-Group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.
- C. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:
  - a. the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
  - b. potential voting rights held by the Group, other vote holders or other parties;
  - c. rights arising from other contractual arrangements; and
  - d. any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.
- D. Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the noncontrolling interests even if this results in the non-controlling interests having a deficit balance.
- E. The financial statements of the Group and its subsidiaries have been consolidated using uniform accounting policies.

#### 4. Summary of significant accounting policies:

##### i) Use of estimates:

The preparation of the consolidated financial statements in conformity with Ind AS requires the Management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of

contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in financial statements have been specified in Note 4(ii) below. Accounting estimates could change from period to period. Actual results could differ from estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in consolidated financial statements in the period in which the changes are made and, if material, their effects are disclosed in these notes to the consolidated financial statements.

Critical Accounting Estimates and Judgement used in application of Accounting Policies are specified here-in-after:

##### a. Income Taxes

Significant judgements are involved in determining the provision for Income Taxes, including amount expected to be paid / recovered for uncertain tax positions. (Also refer Note 11, 19 and 32)

##### b. Property, Plant and Equipment

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful life and residual values of the Group's assets are determined by the Management at the time the asset is acquired and reviewed periodically, including at each financial year end. The life is based on historical experience with similar assets as well as anticipation of future events, which may impact their life such as changes in technology. (Refer Note 5)

##### c. Impairment of Financial Assets

The impairment provisions for consolidated financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on empirical evidence available without

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

under cost or effort, existing market conditions as well as forward looking estimates at the end of each reporting period. (Refer Note 10 & 18)

### d. Defined Benefit Plan

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligations is determined using actuarial valuation. 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, mortality rates and attrition rate. 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. (Refer Note 46)

### e. Fair Value Measurement of Financial Instruments

When the fair value of consolidated financial assets and consolidated financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets, where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair values of financial instruments. (Refer Note 48)

### f. Other estimates

The preparation of consolidated financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of consolidated financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Group estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

## ii) Revenue recognition:

### Revenue from Contacts with Customers

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the transaction price for each separate performance obligation, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The transaction price is net of estimated customer returns, rebates and other similar allowances.

#### (a) Sale of Goods

Revenue from the sale of goods is recognized at a point in time when the control of the products has transferred which generally coincides with dispatch of products to customers in case of domestic sales and on the basis of bill of lading in the case of export sales.

Revenue from the sale of goods is recognised when the control of the product is transferred, the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company has a present right to payment for the asset.
- The Company has transferred physical possession of the asset, whereby the customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset or to restrict the access of other entities to those benefits.

When the consideration is received, before the Company transfers goods to the customer, the Company shall present the consideration as a contract liability.

#### (b) Rendering of Services

Revenue from divisible service contracts:

- service contracts are recognised over a period of time determined using the percentage

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

completion method, synchronized to the billing schedules agreed by the customers, identical with others in similar business and

- ii) the revenue relating to supplies are measured in line with policy set out in 4(ii)(a).

In respect of indivisible contracts, the revenues are recognised over a period of time, measured as per 4(ii)(b)(i) above.

When the consideration is received, before the Company transfers goods to the customer, the Company shall present the consideration as a contract liability and when the services rendered by the Company exceed the payment, a contract asset is recognised excluding any amount presented as receivable.

### (c) Export Incentives

Export entitlements are recognized in the Statement of Profit and Loss when the right to receive credit as per the terms of scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

### (d) Interest Income

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

### (e) Insurance Claim:

Insurance claims are recognised to the extent the company is reasonably certain of their ultimate collection of Claims receivable on account of Insurance.

### iii) Property, Plant & Equipment:

#### Property, Plant & Equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods

and services, rental to others or for administrative purposes and are expected to be used during more than one period. The cost of an item of property, plant and equipment is recognised as an asset if and only, if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Freehold land is carried at cost less accumulated impairment losses. All other items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost of an item of property, plant and equipment comprises:

- Its purchase price, all costs including financial costs till commencement of commercial production are capitalized to the cost of qualifying assets. Tax credit, if any, are accounted for by reducing the cost of capital goods;
- Any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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

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

#### Capital Work-in-progress

Capital work in progress is stated at cost, comprising direct cost, related incidental expenses and attributable borrowing cost and net of accumulated impairment losses, if any. All the direct expenditure related to

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

implementation including incidental expenditure incurred during the period of implementation of a project, till it is commissioned, is accounted as Capital work in progress (CWIP) and after commissioning the same is transferred / allocated to the respective item of property, plant and equipment. Pre-operating costs, being indirect in nature, are expensed to the consolidated statement of profit and loss account as and when incurred.

### Compensation for impairment:

The Group recognises compensation from third parties for items of property, plant and equipment that were impaired, lost or given up in profit or loss when the compensation becomes receivable.

### Derecognition of Property, Plant and Equipment:

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss from the derecognition of an item of property, plant and equipment is recognised in the consolidated statement of profit and loss account when the item is derecognized.

### iv) Depreciation on Property, Plant & Equipment:

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately on straight-line method. Parts of plant and equipment that are technically advised to be replaced at prescribed intervals / periods of operation, insurance spares and cost of inspection / overhauling are depreciated separately based on their specific useful life provided these are of significant amounts. The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset. Depreciable amount of an item of property, plant and equipment is arrived at after deducting estimated residual value. The depreciable amount of an asset is allocated on a systematic basis over its useful life. The Group reviews the residual value and useful life at each financial year-end and, if expectations differ from previous estimates, the residual value and useful lives are changed prospectively and accounted for as a change in accounting estimate. Depreciation commences when the item of property, plant and equipment is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases at the earlier of the date that the

asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is derecognized. The Group review the depreciation method at each financial year-end and if, there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted as a change in accounting estimate on prospective basis.

Depreciation on tangible property, plant and equipment is provided over the useful lives specified under and no Depreciation has been provided on Free hold land.

The estimated useful lives are mentioned below:

Nature of Assets	Useful life
	(in Years)
Land (Free Hold)	Nil
Factory Buildings	30
Non Factory Building	
RCC Frame Structure	60
Non RCC Frame Structure	30
Computer	3/6
Electrical Installation	10
Furniture & Fixtures	10
Office Equipments	5
Plant & Machinery	5 to 22
Vehicle	5 / 15
Intangible Assets	5

### v) Intangible Assets and Amortization:

The Group identifies an identifiable non-monetary asset without physical substance as an intangible asset. The Group recognises an intangible asset if it is probable that expected future economic benefits attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. An intangible asset is initially measured at cost unless acquired in a business combination in which case an intangible asset is measured at its fair value on the date of acquisition. The Group identifies research phase and development phase of an internally generated intangible asset. Expenditure incurred on research phase is recognised as an expense in the profit or loss for the period in which incurred. Expenditure on development phase are capitalised only when the Group is able to demonstrate

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

the technical feasibility of completing the intangible asset, the ability to use the intangible asset and the development expenditure can be measured reliably. The Group subsequently measures all intangible assets at cost less accumulated amortisation less accumulated impairment. An intangible asset is amortised on a straight-line basis over its useful life. A rebuttable presumption that the useful life of an intangible asset will not exceed five years from the date when the asset is available for use is considered by the management. Amortisation commences when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is derecognised. The amortisation charge for each period is recognised in profit or loss unless the charge is a part of the cost of another asset. The amortisation period and method are reviewed at each financial year end. Any change in the period or method is accounted for as a change in accounting estimate prospectively. The Group derecognises an intangible asset on its disposal or when no future economic benefits are expected from its use or disposal and any gain or loss on derecognition is recognised in Consolidated statement of profit and loss account as gain / loss on derecognition of asset.

### vi) Impairment of Non-Financial Assets :

The Group reviews the carrying amount of its Property, Plant and Equipment, including Capital Work in progress of a "Cash Generating Unit" (CGU) at the end of each reporting period to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the Cash Generating Unit to which the asset belongs.

Recoverable Amount is determined:

- i) In case of individual asset, at higher of the fair value less cost to sell and value in use; and
- ii) In case of cash generating unit (a Group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's fair value less cost to sell and the value in use.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Consolidated Statement of Profit and Loss.

### vii) Borrowing Costs:

Interest and other costs that the Group incurs in connection with the borrowing of funds are identified as borrowing costs. The Group capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which it is incurred. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. The Group identifies the borrowings into specific borrowings and general borrowings. Specific borrowings are borrowings that are specifically taken for the purpose of obtaining a qualifying asset. General borrowings include all other borrowings and also the amount outstanding as on the balance sheet date of specific borrowings. Borrowing cost incurred actually on specific borrowings are capitalised to the cost of the qualifying asset. For general borrowings, the Group determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on the qualifying asset based on the weighted average of the borrowing costs applicable to general borrowings. The capitalisation on borrowing costs commences when the Group incurs expenditure for the asset, incurs borrowing cost and undertakes activities that are necessary to prepare the asset for its intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development of a qualifying asset is suspended. The capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

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

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



## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

### viii) Inventories:

#### Raw Materials, Packing Materials, Stores and Spares

Raw Materials, Packing Materials, Stores & Spares and consumables are valued at lower of cost (net of refundable taxes and duties) and net realisable value. The cost of these items of inventory are determined on FIFO basis and comprises of cost of purchase and other incidental costs incurred to bring the inventories to their location and condition. 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.

#### Finished Goods and Work-in-progress

Work-in-progress and finished goods are valued at lower of cost and net realisable value. The cost of work-in-progress and finished goods of inventory is determined on weighted average basis. The cost of work-in-progress and finished goods includes cost of conversion and other costs incurred to bring the inventories to their present location and condition. Obsolete, slow moving and defective inventories are identified and provided for.

#### Stock in Trade

Stock in Trade is valued at lower of cost and net realisable value. Cost is determined on FIFO basis.

### ix) Leases:

#### As a Lessee

The Group's leased assets consist of leases for Land. At inception of a contract, the Group assesses 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: (i) the contract involves the use of an identified asset (ii) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and (iii) the Group has the right to direct the use of the asset.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any

lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of Property, Plant and Equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### Short-term leases and leases of low-value assets

The Group has elected not to recognise right-to-use assets and lease liabilities for short-term lease that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an operating expense as per the terms of the lease.

#### As a Lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.



## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

### x) Government Grants and Subsidies:

Assistance by government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to operating activities of the entity other than those which cannot reasonably have a value placed upon them or those that cannot be distinguished from normal trading transactions of the Group are termed as government grants. All government grants are identified as either relating to assets or relating to income. Government grants whose primary condition is that a Group qualifying for them should purchase, construct or otherwise acquire long-term assets are identified as grants related to assets. Grants other than those related to assets are identified as related to income. Government grants are recognised when there is a reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. A forgivable loan from government is treated as a government grant when there is a reasonable assurance that the entity will meet the terms for forgiveness of the loan. The Group recognises Government grants in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to assets, including non-monetary grants at fair value, are presented in the balance sheet as deferred income. Deferred income is recognised in profit or loss on the basis the related assets are depreciated or amortised if they are related to asset or under other income when the grant becomes receivable. Grants related to income are presented in profit or loss under other income. Grants received in advance before fulfilment of conditions are recognised as Other Liability classified into current or non-current, as appropriate in the circumstances of the case.

### xi) 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

#### a. Initial recognition and measurement

At initial recognition, the Group measures a financial asset (which are not measured at fair value) through profit and loss at its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

#### b. Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- i) Financial assets measured at amortised cost;
- ii) Financial assets at fair value through profit or loss (FVTPL) and
- iii) Financial assets at fair value through other comprehensive income (FVTOCI).

The Group classifies its financial assets in the above mentioned categories based on:

- a) The Group's business model for managing the financial assets, and
- b) The contractual cash flows characteristics of the financial asset.

#### i) Financial assets measured at amortised cost :

A financial asset is measured at amortised cost if both of the following conditions are met:

- a) A financial asset is measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the Contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.
- b) 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

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

income in the profit or loss. The losses arising from impairment are recognised in the Consolidated Statement of profit or loss.

Trade receivables, Advances, Security Deposits, Cash and Cash Equivalents etc. are classified for measurement at amortised cost.

- ii) Financial assets at fair value through profit or loss (FVTPL):

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or fair value through other comprehensive income. In addition, The Group may elect to designate a financial asset, which otherwise meets amortised 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').

- iii) Financial assets at fair value through other comprehensive income (FVTOCI):

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by collecting both contractual cash flows that gives rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

### c. Derecognition

The Group derecognizes a financial asset when contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the assets's carrying amount and the sum of the consideration received and receivable is recognized in the consolidated statement of Profit and Loss.

### d. Impairment

The Group applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- i. Trade receivables,
- ii. Financial assets measured at amortized cost (other than trade receivables and lease receivables),
- iii. Financial assets measured at fair value through other comprehensive income (FVTOCI).

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

In case of trade receivables, the Group follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance. As a practical expedient, the Group uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables.

In case of other assets (listed as ii and iii above), the Group determines if there has been a significant increase in credit risk of the financial asset since initial recognition then an amount equal to lifetime ECL is measured and recognized as loss allowance. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Group reverse the recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Consolidated Statement of Profit and Loss under the head 'Other expenses'.

ECL are measured in a manner that they reflect unbiased and probability weighted amounts

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

### Financial Liabilities

#### a. Initial recognition and measurement

All financial liabilities are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

#### b. Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- i) Financial liabilities measured at amortised cost.
- ii) Financial liabilities at fair value through profit and loss.

#### i) Financial liabilities measured at amortised cost :

All financial liabilities are measured at amortised cost. Any discount or premium on redemption/ settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet.

#### ii) Financial liabilities at fair value through profit or loss (FVTPL):

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the consolidated statement of profit and loss.

#### c. Derecognition

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged or cancelled or expiry. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit and loss.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

### Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks and interest rate risks.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the consolidated statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

### Off setting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone 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 realize the assets and settle the liabilities simultaneously.

### 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 under current market conditions.

The Group categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.
- Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Group's assumptions about pricing by market participants.

### xii) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated 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.

### xiii) Foreign currency transactions and translations

Functional currency of the Group is Indian rupee. The financial statements have been presented under its functional currency. Any transaction that is denominated in a currency other than the functional currency is regarded as foreign currency transaction. All foreign

currency transactions are recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. In case of consideration received or paid in advance, the exchange rate prevailing on the date of receipt or payment of advance is considered when subsequently the related asset is given up or received to the extent of advance consideration.

At the end of the reporting period:

- foreign currency monetary items are translated using the exchange rate for immediate delivery at the end of the reporting period;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange difference arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated financial statements are recognised in consolidated statement of profit and loss in the period in which they arise.

### xiv) Employee benefits

#### Short term employee benefits

Short Term benefits are recognised as an expense at the undiscounted amounts in the Statement of Profit and Loss of the year in which the related service is rendered.

#### Post employment benefits

##### a. Defined contribution plans

The Employee and Group make monthly fixed Contribution to Government of India Employee's Provident Fund equal to a specified percentage of the covered employees' salary, Provision for the same is made in the year in which service are render by employee.

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

### b. Defined benefit plans

The Liability for Gratuity to employees, which is a defined benefit plan, as at Balance Sheet date determined on the basis of actuarial Valuation based on Projected Unit Credit method is funded to a Gratuity fund administered by the trustees and managed by Life Insurance Corporation of India and the contribution thereof paid/payable is absorbed in the accounts.

The present value of the defined benefit obligations is determined by discounting the estimated future cash flows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expenses in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in balance sheet. Changes in present value of the defined benefit obligation resulting from plan amendment or curtailments are recognized immediately in profit or loss as past service cost.

### xv) Income Taxes:

#### a) Current tax:

Current tax is determined on income for the year chargeable to tax in accordance on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. The Group has adopted Appendix C of Ind AS-12 and has provided for the tax liability based on the significant judgment that the taxation authority will not accept the tax treatment. However adoption of the same does not have any impact on the Balance Sheet, Statement of Change in Equity and Statement of Profit & Loss Account.

### b) Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, unabsorbed losses and tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unabsorbed losses and tax credits will be utilised. The carrying amount of deferred tax assets is reviewed at the end of financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is expected to be settled or the asset realised, based on tax rates and tax laws that have been substantively enacted by the balance sheet date. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The Group restricts recognition of deferred tax asset on unabsorbed depreciation to the extent of the corresponding deferred tax liability in absence of availability of sufficient future taxable profit which allow the full or part of the assets to be recovered.

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

### xvi) Provisions, Contingent Liabilities and Contingent Assets :

The Group recognizes provisions when a present obligation (legal or constructive) as a result of a

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated. If the effect of 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 recognized as a finance cost. 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 embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made. Contingent assets are not recognised but disclosed where an inflow of economic benefits is probable.

### xvii) Earnings per equity share:

Basic earnings per share is calculated by dividing the profit or loss for the period attributable to the equity holders of the Group by the weighted average number of ordinary shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the Group after adjusting for diluted earning by the weighted average number of shares outstanding during the period after adjusting for the effects of all dilutive potential equity shares.

### xviii) Dividend:

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Group's Board of Directors.

### xix) Goods and Service Tax:

Goods and Service Tax credit on materials purchased for production / service availed for production / input service are taken into account at the time of purchase and GST credit on purchase of capital items wherever applicable are taken into account as and when the assets are acquired.

Goods and Service Tax credits so taken are utilized for payment of GST Liability on Sale of on goods . The unutilized GST credit is carried forward in the books.

### (xx) Segment reporting

The Chief Operational Decision Maker (CODM) monitors the operating results of its business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Operating segments are reported in a manner consistent with the internal reporting to the CODM.

Accordingly, the Board of Directors of the Group is CODM for the purpose of segment reporting. Refer note 47 for segment information presented.

### (xxi) Consolidated Statement of Cash flows

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

### (xxii) Business Combination, Goodwill on Consolidation and Non-controlling Interest:

#### Business Combination:

The acquisition method of accounting is used to account for business combinations by the group. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange of control of the acquiree. Acquisition-related costs are generally recognised in statement of profit and loss as incurred. Acquisition related costs are recognised in consolidated statement of Profit and Loss as incurred.

#### Goodwill on Consolidation:

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. The unamortised carrying value of goodwill is tested for impairment as at each balance sheet date.



## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

In case of a bargain purchase, before recognising a gain in respect thereof, the Group determines whether there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. Thereafter, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognises any additional assets or liabilities that are identified in that reassessment. The Group then reviews the procedures used to measure the amounts that Ind AS requires for the purposes of calculating the bargain purchase. If the gain remains after this reassessment and review, the Group recognises it in other comprehensive income and accumulates the same in equity as capital reserve. This gain is attributed to the acquirer. If there does not exist clear evidence of the underlying reasons for classifying the business combination as a bargain purchase, the Group recognises the gain, after reassessing and reviewing (as described above), directly in equity as capital reserve.

### **Non-controlling Interest:**

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Ind AS.

### **Changes in the Group's ownership interests in existing subsidiaries:**

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing

control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the group.

When the Group loses control of a subsidiary, a gain or loss is recognised in consolidated statement of profit and loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Ind AS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

### **(xxiii) Standards issued but not yet effective**

Till the date of approval of these financial statements, no notification issued in respect of amendments to Ind AS that would be effective in future periods have been notified by the Ministry of Corporate Affairs.

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

### Note 5: Property, Plant and Equipment

Particulars	Free Hold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipments	Electrical Installation	Computer	Total
<b>Gross Carrying Value as on April 01, 2019</b>	<b>1,549.91</b>	<b>3,379.95</b>	<b>6,793.31</b>	<b>333.69</b>	<b>370.85</b>	<b>18.29</b>	<b>247.48</b>	<b>119.69</b>	<b>12,813.17</b>
Addition during the year	Nil	207.96	448.33	48.87	162.85	20.06	21.57	19.62	929.26
Deduction during the year	Nil	Nil	104.73	Nil	5.71	Nil	Nil	Nil	110.44
<b>Gross Carrying Value as on March 31, 2020</b>	<b>1,549.91</b>	<b>3,587.91</b>	<b>7,136.91</b>	<b>382.56</b>	<b>527.99</b>	<b>38.35</b>	<b>269.05</b>	<b>139.31</b>	<b>13,631.99</b>
Addition during the year	175.81	6.14	145.04	9.75	103.57	3.02	4.21	17.93	465.47
Deduction during the year	Nil	Nil	24.09	Nil	0.55	Nil	Nil	Nil	24.64
<b>Gross Carrying Value as on March 31, 2021</b>	<b>1,725.72</b>	<b>3,594.05</b>	<b>7,257.86</b>	<b>392.31</b>	<b>631.01</b>	<b>41.37</b>	<b>273.26</b>	<b>157.24</b>	<b>14,072.82</b>
<b>Accumulated Depreciation and Impairment as on April 01, 2019</b>	<b>Nil</b>	<b>283.05</b>	<b>1,170.38</b>	<b>98.72</b>	<b>45.47</b>	<b>7.78</b>	<b>19.54</b>	<b>62.63</b>	<b>1,687.57</b>
Addition during the year	Nil	110.33	464.87	42.13	56.98	3.07	14.00	25.87	717.25
Deduction during the year	Nil	Nil	51.39	Nil	4.27	Nil	Nil	Nil	55.66
<b>Accumulated Depreciation and Impairment as on March 31, 2020</b>	<b>Nil</b>	<b>393.38</b>	<b>1,583.86</b>	<b>140.85</b>	<b>98.18</b>	<b>10.85</b>	<b>33.54</b>	<b>88.50</b>	<b>2,349.16</b>
Addition during the year	Nil	114.96	477.28	34.56	70.37	3.97	13.49	25.41	740.04
Deduction during the year	Nil	Nil	12.56	Nil	0.30	Nil	Nil	Nil	12.86
<b>Accumulated Depreciation and Impairment as on March 31, 2021</b>	<b>Nil</b>	<b>508.34</b>	<b>2,048.58</b>	<b>175.41</b>	<b>168.25</b>	<b>14.82</b>	<b>47.03</b>	<b>113.91</b>	<b>3,076.34</b>
<b>Net Carrying Value as on March 31, 2020</b>	<b>1,549.91</b>	<b>3,194.53</b>	<b>5,553.05</b>	<b>241.71</b>	<b>429.81</b>	<b>27.50</b>	<b>235.51</b>	<b>50.81</b>	<b>11,282.83</b>
<b>Net Carrying Value as on March 31, 2021</b>	<b>1,725.72</b>	<b>3,085.71</b>	<b>5,209.28</b>	<b>216.90</b>	<b>462.76</b>	<b>26.55</b>	<b>226.23</b>	<b>43.33</b>	<b>10,996.48</b>

#### Notes:

##### i. Assets pledged as security:

Refer Note 60 of financial statement for disclosure of assets pledged as security.

##### ii. Capitalised borrowing cost:

Borrowing Cost Capitalised on Property, Plant and Equipment during the year ended March 31, 2021 - Rs. Nil (for the year ended March 31, 2020: ₹ Nil).

##### iii. Contractual obligations:

Refer Note. 44 for disclosure of Contractual Commitments for the acquisition of property, Plant & Equipment.

##### iv. Depreciation on Property, Plant & Equipment

Refer Note 4(iv) for disclosure of Policies and method used for the depreciation of Property, Plant & Equipment.

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

### 5A Right to use assets

(₹ in Lakhs)

Particulars	Right to use of Assets
<b>Gross Carrying Value as at April 01, 2019</b>	Nil
Reclassification of Assets on Adoption of Ind As 116	31.86
Deduction during the year	Nil
<b>Gross Carrying Value as on March 31, 2020</b>	<b>31.86</b>
Addition during the year	Nil
Deduction during the year	Nil
<b>Gross Carrying Value as on March 31, 2021</b>	<b>31.86</b>
<b>Accumulated Amortisation and Impairment as on April 01, 2019</b>	<b>Nil</b>
Addition during the year	2.16
Deduction during the year	Nil
<b>Accumulated Amortisation and Impairment as on March 31, 2020</b>	<b>2.16</b>
Addition during the year	2.16
Deduction during the year	Nil
<b>Accumulated Amortization and Impairment as on March 31, 2021</b>	<b>4.32</b>
Net Carrying amount as on March 31, 2020	29.70
Net Carrying amount as on March 31, 2021	27.54

### 6 Capital Work in Progress

(₹ in Lakhs)

Particulars	Amount
<b>Balance at April 01, 2019</b>	<b>209.69</b>
Addition during the year	130.35
Capitalised during the year	336.01
<b>Balance at March 31, 2020</b>	<b>4.03</b>
Addition during the year	164.55
Capitalised during the year	Nil
<b>Balance at March 31, 2021</b>	<b>168.58</b>

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

### 7 Other Intangible Assets

(₹ in Lakhs)

Particulars	Computer Software	Patents	Total Intangible Asset	Goodwill on Acquisition
<b>Gross Carrying Value as on April 01, 2019</b>	<b>74.10</b>	<b>1.40</b>	<b>75.50</b>	<b>922.56</b>
Addition during the year	7.74	Nil	7.74	Nil
Deduction during the year	Nil	Nil	Nil	Nil
<b>Gross Carrying Value as on March 31, 2020</b>	<b>81.84</b>	<b>1.40</b>	<b>83.24</b>	<b>922.56</b>
Addition during the year	16.70	Nil	Nil	Nil
Deduction during the year	Nil	Nil	Nil	Nil
<b>Gross Carrying Value as on March 31, 2021</b>	<b>98.54</b>	<b>1.40</b>	<b>99.94</b>	<b>922.56</b>
<b>Accumulated amortisation as on April 01, 2019</b>	<b>31.89</b>	<b>1.20</b>	<b>33.09</b>	<b>Nil</b>
Addition during the year	13.11	0.10	13.21	Nil
Deduction during the year	Nil	Nil	Nil	Nil
<b>Accumulated amortisation as on March 31, 2020</b>	<b>45.00</b>	<b>1.30</b>	<b>46.30</b>	<b>Nil</b>
Addition during the year	13.83	Nil	13.83	Nil
Deduction during the year	Nil	Nil	Nil	Nil
<b>Accumulated amortisation as on March 31, 2021</b>	<b>58.83</b>	<b>1.30</b>	<b>60.13</b>	<b>Nil</b>
<b>Net Carrying Value as on March 31, 2020</b>	<b>36.84</b>	<b>0.10</b>	<b>36.94</b>	<b>922.56</b>
<b>Net Carrying Value as on March 31, 2021</b>	<b>39.71</b>	<b>0.10</b>	<b>39.81</b>	<b>922.56</b>

Notes:

i. Amortization on intangible Assets

Refer Note 4(v) for disclosure of Policies and method used for the amortization of intangible assets.

### 8 Non Current Investments

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>(a) Investments in Subsidiary at cost</b>		
<b>A Investment in Other Equity Instruments:</b>		
<b>Lincoln Parenteral Limited</b>		
Equity Component of Financial Instruments issued in favour of subsidiary		
Interest security deposits	7.73	7.73
Financial Guarantee	0.42	0.42
	<b>8.15</b>	<b>8.15</b>

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

(₹ in Lakhs)		
Particulars	As at March 31, 2021	As at March 31, 2020
<b>(b) Investments in other equity instruments at amortized cost (unquoted)</b>		
1,056 (PY.1,056) Equity Share of Navnirman Co operative Bank Limited of face value Rs. 25 each fully paid up	0.26	0.26
<b>(c) Investments in government securities at amortized cost (unquoted)</b>		
National Saving Certificate	0.14	0.14
<b>Total.....</b>	<b>8.55</b>	<b>8.55</b>
Aggregate amount of quoted investment - At cost	Nil	Nil
Aggregate amount of unquoted investment - At cost	8.55	8.55

### 9 Non-Current Other Financial Assets

(₹ in Lakhs)		
Particulars	As at March 31, 2021	As at March 31, 2020
<b>(Unsecured, considered good)</b>		
Inter-Corporate Loans	230.00	250.00
Loans to others	2,279.44	1,228.17
<b>Total .....</b>	<b>2,509.44</b>	<b>1,478.17</b>

### 10 Other Non-Current Financial Assets

(₹ in Lakhs)		
Particulars	As at March 31, 2021	As at March 31, 2020
Margin Money Deposit	45.01	3.49
Loan to Employees	10.96	2.42
Security Deposits	19.20	11.94
<b>Total .....</b>	<b>75.17</b>	<b>17.85</b>

### 11 Other Non-Current Assets

(₹ in Lakhs)		
Particulars	As at March 31, 2021	As at March 31, 2020
<b>(Unsecured, considered good)</b>		
Advances for Property, Plant & Equipment	256.18	13.59
Advance Payment of Income Tax	1,829.44	3,557.25
Less: Provision for Income tax	(1,597.80)	(3,251.46)
<b>Advance Income Tax (net)</b>	<b>231.64</b>	<b>305.79</b>
Advance to Employees	55.52	39.06
Other receivable	0.11	Nil
<b>Total .....</b>	<b>543.45</b>	<b>358.44</b>

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

### 12 Inventories

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Raw materials	1,750.58	1,359.97
Work-in-Process	552.73	696.44
Finished Stock	910.50	1,038.65
Packing Material	676.83	746.72
Stock in Trade	770.63	897.84
<b>Total .....</b>	<b>4,661.27</b>	<b>4,739.62</b>

- Inventory of Raw Material includes material in transit- as on 31-03-2021 of ₹ Nil Lakhs (as on 31-03-2019 ₹ Nil Lakhs)
- Inventory of Finished Stock Includes Goods in Transit- as on 31-03-2021 ₹ 634.07 Lakhs (as on 31-03-2020 ₹ 311.43 Lakhs)
- The cost of inventories recognized as an expenses includes ₹ Nil Lakhs (during 2019-20 ₹ Nil Lakhs) in respect of write-down of inventory to net realizable value, and has been reduced by ₹ Nil Lakhs (during 2019-20 : ₹ Nil Lakhs) in respect of the reversal of such write-down.
- Inventories pledged as Security with bank for borrowing as on 31-03-2021 of ₹ 4,026.66 Lakhs (as on 31-03-2020 ₹ 3,753.73 Lakhs).

### 13 Current Investments

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Investment in mutual fund at fair value through profit and loss</b>		
69,65,858.970 (PY.39,47,201.381) units of SBI Savings Fund - Direct Plan - Growth	2,382.03	1,277.59
1,01,795.939 (PY. Nil) units of SBI Liquid Fund Direct Growth	3,279.48	Nil
99,22,209.578 (PY. Nil) units of HSBC Corporate Bond Fund Growth	1,006.88	Nil
43,647.733 (PY. 69,305.279) units of SBI Liquid Fund-Regular Plan-Growth	1,398.08	2,144.04
<b>Total .....</b>	<b>8,066.47</b>	<b>3,421.63</b>
Aggregate Cost of Investment	7,510.29	3,068.45
Aggregate NAV of Investment	8,066.46	3,421.63

### 14 Trade receivables

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Trade Receivables (Unsecured)</b>		
Trade Receivable Considered Good - Unsecured	9,855.33	8,324.80
Trade Receivables which have significant increase in Credit Risk	1,463.25	1,985.49
Trade Receivable Credit Impaired	Nil	Nil
	<b>11,318.57</b>	<b>10,310.33</b>
Less: Allowance for Expected Credit Loss	185.82	176.72
<b>Total .....</b>	<b>11,132.75</b>	<b>10,133.61</b>



## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

### Notes:

- For details of receivables from firms / private companies in which directors of the company are partners / directors, please refer note no.55.
- The Company provides an allowance for impairment of doubtful accounts based on financial condition of the customer, aging of the trade receivable and historical experience of collections from customers. The activity in the allowance for impairment of trade receivables is given below:

(₹ in Lakhs)

Allowance Movement for Trade Receivables	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	176.72	172.48
Add : Expected credit loss allowance made during the year	9.64	4.24
Less : Reversal of allowance made during the year	0.54	Nil
<b>Closing Balance</b>	<b>185.82</b>	<b>176.72</b>

### 15 Cash & Cash Equivalents

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	33.56	39.48
Bank Balance	1,110.28	1,183.57
<b>Total .....</b>	<b>1,143.84</b>	<b>1,223.05</b>

### 16 Other Bank Balances

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Fixed deposits with banks (with original maturity more than 3 months but less than 12 months)	Nil	Nil
Margin Money Deposit	222.80	219.94
Bank Balance Earmarked for Dividend	17.48	15.16
<b>Total .....</b>	<b>240.28</b>	<b>235.10</b>

### 17 Current Loans

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Inter-Corporate Loans	1,400.00	Nil
Loans and Advances to Others	478.00	1,588.41
<b>Total .....</b>	<b>1,878.00</b>	<b>1,588.41</b>

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

### 18 Other Current Financial Assets

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Derivative contracts not designated as a hedge relationship (at fair value through profit and loss)	8.31	Nil
Interest Receivable	20.61	Nil
Loan to Employees	29.78	11.23
Others	0.69	2.44
<b>Total .....</b>	<b>59.39</b>	<b>13.67</b>

### 19 Current Tax Assets (Net)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance Payment of Income Tax	Nil	0.11
Less: Provision for Income tax	Nil	Nil
<b>Total .....</b>	<b>Nil</b>	<b>0.11</b>

### 20 Other current assets

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Advances recoverable in cash or kind	1,564.59	1,578.21
Prepaid Expenses	113.67	108.86
Loans and advance to employees	18.27	42.63
Balance with/Amount receivable from Statutory authorities	1,766.93	1,714.73
Others	0.13	0.13
<b>Total .....</b>	<b>3,463.59</b>	<b>3,444.56</b>

### 21 Equity Share Capital

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>[i] Authorized Share Capital:</b>		
2,00,00,000 (PY. 2,00,00,000) Equity shares of ₹ 10 each	2,000.00	2,000.00
<b>[ii] Issued, Subscribed &amp; Paid-up Capital :</b>		
2,00,00,000 (PY. 2,00,00,000) Equity shares of ₹ 10 each fully paid	2,000.00	2,000.00
<b>Total .....</b>	<b>2,000.00</b>	<b>2,000.00</b>

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

- (a) Reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2021 and March 31, 2020 is set out below:-

(₹ in Lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	Amt (₹)	No. of Shares	Amt (₹)
Shares at the beginning	2,00,00,000	2,000.00	2,00,00,000	2,000.00
Addition	Nil	Nil	Nil	Nil
Deletion	Nil	Nil	Nil	Nil
Shares at the end	2,00,00,000	2,000.00	2,00,00,000	2,000.00

- (b) The details of shares holding more than 5% shares is set out below:-

(₹ in Lakhs)

Name of the Share holder	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	% held	No. of Shares	% held
Digital biotech Pvt Ltd	14,00,000	7.00%	14,00,000	7.00%
Munjal Mahendrabhai Patel	13,25,500	6.63%	8,15,500	4.08%

- (c) Rights, Preferences and Restrictions attached to equity shares

The company has only one type of equity share of ₹ 10 each listed on BSE & NSE. Each of the share holders has right give one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Director is subject to the approval of the shareholders in the Annual General Meeting. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.

- (d) The Company has not reserved any share for issue under options and contracts or commitments for the sale of shares or disinvestment.
- (e) There are no shares issued pursuant to contract without payment being received in cash or by way of bonus shares or equity shares bought back for the period of 5 years immediately preceding the balance sheet date.

## 22 Other Equity

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>(a) Capital Reserve</b>		
Balance as per last financial Statement	35.00	35.00
Add: Addition during the year	Nil	Nil
<b>Closing Balance</b>	<b>35.00</b>	<b>35.00</b>
<b>(b) Equity Securities Premium</b>		
Balance as per last financial Statement	6,461.66	6,461.66
Add: Share premium received during the year	Nil	Nil
<b>Closing Balance</b>	<b>6,461.66</b>	<b>6,461.66</b>

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

(₹ in Lakhs)		
Particulars	As at March 31, 2021	As at March 31, 2020
<b>(c) General Reserve</b>		
Balance as per last financial Statement	826.22	776.22
Add: Transfer from Statement of Profit & Loss	50.00	50.00
<b>Closing Balance</b>	<b>876.22</b>	<b>826.22</b>
<b>(d) Retained Earnings</b>		
<b>i Profit and Loss:</b>		
Balance as per last financial Statement	22,018.88	17,648.28
Less: Exclusion of Opening balance of Statement of Profit & Loss on voluntarily wound up of Subsidiary	(4.03)	Nil
Add : Profit for the year	6,222.36	5,143.94
Less: Transfer to General reserve	(50.00)	(50.00)
Less: Interim Dividend Paid	Nil	(300.00)
Less: Tax on Interim Dividend	Nil	(61.67)
Less: Final Dividend Paid	Nil	(300.00)
Less: Tax on Final Dividend	Nil	(61.67)
<b>Net Surplus in the statement of profit and loss (i)</b>	<b>28,187.21</b>	<b>22,018.88</b>
<b>Other Comprehensive Income:</b>		
Balance as per last financial Statement	(32.85)	13.30
Add: Remeasurement of Defined benefit plans (including deferred tax)	1.96	(46.15)
<b>Net Surplus in the statement of other comprehensive income (ii)</b>	<b>(30.89)</b>	<b>(32.85)</b>
<b>Total Retained Earnings (i + ii)</b>	<b>28,156.32</b>	<b>21,986.03</b>
<b>Total ..... (a + b + c + d)</b>	<b>35,529.20</b>	<b>29,308.91</b>

**Capital Reserve:** Capital reserve was realised in cash and can be utilised by the company as per provisions of the Companies Act, 2013.

**Equity Security Premium:** The amount received in excess of face value of the equity shares is recognised in equity security premium. Being realised in cash, the same can be utilised by the company as per provisions of the Companies Act, 2013.

**General Reserve:** General reserve is created from time to time by transfer of profits from retained earnings. It does not include any item which is transferred from other comprehensive income or equity component of financial instruments. General Reserve is created for appropriation purposes.

**Retained earnings:** Retained earnings can be utilised by the company for distribution to its equity shareholders of the company. The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety.

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

### 23 Minority Interest

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Minority interest attributable to 1.41% (PY.1.41%) of share holders of Lincoln Parenteral Ltd</b>		
Balance as per last financial Statement	38.20	35.52
Add : Profit for the year	2.61	2.71
Add: Remeasurement of Defined benefit plans (including deferred tax)	(0.05)	(0.03)
<b>Total</b>	<b>40.76</b>	<b>38.20</b>

### 24 Non-Current Borrowings

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Secured Borrowing</b>		
Term Loan from Banks	Nil	Nil
Less : Current maturities of long-term debt (Note: 29)	Nil	Nil
<b>Closing Balance</b>	<b>Nil</b>	<b>Nil</b>
Vehicle Loan	51.97	124.08
Less : Current maturities of long-term debt (Note: 29)	37.52	39.19
<b>Closing Balance</b>	<b>14.45</b>	<b>84.89</b>
<b>Total .....</b>	<b>14.45</b>	<b>84.89</b>

- (a) Vehicle Loan includes loans from bank and finance companies. The Repayment period of these loans ranges from 12 to 48 months & Rate of interest ranging from 10% To 11%. These loans are secured against the asset under finance.

- (b) Year wise repayment schedules:

(₹ in Lakhs)

Year	As at March 31, 2021	As at March 31, 2020
FY.2020-21	Nil	39.19
FY.2021-22	37.52	35.12
FY.2022-23	14.46	28.69
FY.2023-24	Nil	21.08
<b>Total .....</b>	<b>51.98</b>	<b>124.08</b>

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

### 25 Other Non Current Financial Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade Deposits	429.13	405.22
<b>Total .....</b>	<b>429.13</b>	<b>405.22</b>

### 26 Deferred Tax Liabilities (Net)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Deferred Tax Liabilities</b>		
Time difference of depreciation as per Tax Provision and Company Law on Property, Plant and Equipment	645.57	642.59
<b>Total Deferred Tax Liabilities</b>	<b>645.57</b>	<b>642.59</b>
<b>Deferred Tax Assets</b>		
Unpaid Liabilities Allowable under Income Tax Act, 1961 in succeeding years u/s 43B on Payment basis	23.02	48.00
Allowance for Expected Credit Losses on Trade Receivables	53.50	51.29
<b>Total Deferred Tax Assets</b>	<b>76.52</b>	<b>99.29</b>
<b>Net Deferred Tax Liability</b>	<b>569.05</b>	<b>543.30</b>

#### (a) Movement of deferred tax liability:

(₹ in Lakhs)

Movements in Deferred Tax Liabilities	Note - i	Note - ii	Note - ii	Note - i
	Deferred Tax At April 01, 2019	Adjusted to Profit or loss	Adjusted to Other Comprehensive Income	Deferred Tax At March 31, 2020
Time difference of depreciation as per Tax Provision and Company Law on Property, Plant and Equipment	(651.45)	8.85	Nil	(642.59)
Unpaid liability allowable on payment basis in succeeding years u/s. 43B of the Income tax Act, 1961	6.02	23.07	18.92	48.00
Allowance for Expected Credit Losses	59.19	(7.90)	Nil	51.29
Unused tax credit	28.06	(28.06)	Nil	Nil
<b>Total</b>	<b>(558.18)</b>	<b>(4.04)</b>	<b>18.92</b>	<b>(543.30)</b>



## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

(₹ in Lakhs)				
Movements in Deferred Tax Liabilities	Note - i	Note - ii	Note - ii	Note - i
	Deferred Tax At April 01, 2020	Adjusted to Profit or loss	Adjusted to Other Comprehensive Income	Deferred Tax At March 31, 2021
Time difference of depreciation as per Tax Provision and Company Law on Property, Plant and Equipment	(642.59)	(2.98)	Nil	(645.57)
Unpaid liability allowable on payment basis in succeeding years u/s. 43B of the Income tax Act, 1961	48.00	(23.95)	(1.03)	23.02
Allowance for Expected Credit Losses	51.29	2.21	Nil	53.50
Unused tax credit	Nil	Nil	Nil	Nil
<b>Total</b>	<b>(543.30)</b>	<b>(24.72)</b>	<b>(1.03)</b>	<b>(569.05)</b>

i Figures in bracket denotes deferred tax liability.

ii Figures in bracket denotes creation of deferred tax liability or reversal of deferred tax asset.

### 27 Current Borrowings

(₹ in Lakhs)		
Particulars	As at March 31, 2021	As at March 31, 2020
<b>Secured Borrowing</b>		
From Bank (Repayable on Demand)	Nil	383.32
<b>Unsecured Borrowing</b>		
From Bank (Repayable on Demand)	Nil	Nil
<b>Total .....</b>	<b>Nil</b>	<b>383.32</b>

#### Security :

Secured demand loans form Bank includes working capital loan. This loan is secured against :

#### i) Primary Security :

Hypothecation of entire current assets of the Group

#### ii) Collateral Security :

Charge over entire fixed assets of the company including

1. Piece & Parcel of freehold land situated lying and being at Mouje Khatraj, Taluka Kalol, District Mehsana bearing subplots No. 9/A/1, 9/A/2, 10, 12/A, 12/B & 13 of Block No. 95 of Mouje Khatraj of Kalol taluka admeasuring 1692.94 Sq. mtrs, 3590.30 Sq. mtrs respectively i.e. collectively 12124.84 Sq. mtrs together with building thereon belonging to M/s Lincoln Pharmaceuticals Ltd.
2. Hypothecation of fixed assets of the company excluding windmill.

#### iii) Personal Guarantees of all three Promoter Directors of holding company

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

### 28 Trade payables

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Payable to Micro and Small Enterprise	871.53	799.13
Payable to others	4,807.70	4,325.14
<b>Total .....</b>	<b>5,679.23</b>	<b>5,124.27</b>

#### Notes:

\*Dues to Micro and Small enterprises have been determined to the extent such parties have been identified on the basis of the information collected by the Management. This has been relied upon by the Auditors. The Disclosure in respect of the MSMED Act, 2006 has been provided at Note 59.

### 29 Other Current Financial Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current Maturity of long term borrowings (Note No : 24)	37.52	39.19
Interest accrued but not due on borrowings	Nil	5.24
Creditors for Property, Plant & Equipment	365.52	351.25
Employee Benefit Payable	469.15	156.35
Unpaid dividend	17.48	15.16
Derivative contracts not designated as a hedge relationship (at fair value through profit and loss)	Nil	43.93
<b>Total .....</b>	<b>889.67</b>	<b>611.12</b>

### 30 Other Current Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance Received from Customer	354.03	152.72
Other Statutory dues	99.75	112.57
Other Payables	Nil	36.20
<b>Total .....</b>	<b>453.78</b>	<b>301.49</b>

### 31 Current Provisions

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Employee Benefits (refer note no. 46)	15.99	44.39
<b>Total .....</b>	<b>15.99</b>	<b>44.39</b>

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

### 32 Current Tax Liabilities (Net)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision For Income tax	2,209.84	1,566.96
Less: Advance Payment of Income Tax	(1,893.96)	(1,473.26)
<b>Total .....</b>	<b>315.88</b>	<b>93.70</b>

### 33 Revenue from operation

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Sale of Products:</b>		
Finished Goods	41,005.29	37,167.79
<b>Sale of services:</b>		
Job Work Charges	469.50	516.27
<b>Other Operating Revenue:</b>		
Export Incentive	897.30	910.24
Scrap Sales	46.46	54.75
<b>Total of Other Operating Revenue</b>	<b>943.76</b>	<b>964.99</b>
<b>Total .....</b>	<b>42,418.55</b>	<b>38,649.05</b>

#### (a) Reconciliation of Revenue recognized in the statement of profit and loss with the Contracted price :-

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Gross Revenue	42,958.30	39,047.10
	<b>42,958.30</b>	<b>39,047.10</b>
Less: Rebate & Discount etc	1,437.05	1,308.29
<b>Revenue recognized from Contract with Customers</b>	<b>41,521.25</b>	<b>37,738.81</b>

#### (b) Reconciliation of Revenue from operation with Revenue from contracts with Customers :-

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Revenue from operation	42,418.55	38,649.05
Less: Export incentive	897.30	910.24
<b>Revenue from contracts with Customers</b>	<b>41,521.25</b>	<b>37,738.81</b>

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

### 34 Other Income

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Interest Income:</b>		
Interest from bank	14.78	14.58
Interest from others	208.94	135.45
Gain on fair valuation of Current Investments	238.30	169.98
Gain on sale of Current Investments	6.69	9.57
Dividend Income	2.80	Nil
Foreign Exchange Gain (Net)	42.63	774.33
Gain on Fair Valuation of Derivative contracts	52.25	Nil
Miscellaneous Income	Nil	0.11
<b>Total .....</b>	<b>566.39</b>	<b>1,104.02</b>

### 35 Cost of Materials Consumed

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Raw Material</b>		
Inventory at the beginning of the year	1,359.97	1,243.50
Add: Purchase	8,546.36	9,012.66
Less: Inventory at the end of the year	1,750.58	1,359.97
Cost of Consumption of Raw Material	<b>8,155.75</b>	<b>8,896.19</b>
<b>Packing Materials</b>		
Inventory at the beginning of the year	746.72	587.49
Add: Purchase	4,117.63	4,635.64
Less: Inventory at the end of the year	676.83	746.72
Cost of Consumption of Packing Materials	<b>4,187.52</b>	<b>4,476.41</b>
<b>Total .....</b>	<b>12,343.27</b>	<b>13,372.60</b>

### 36 Purchase of Stock in Trade

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Purchase of stock in trade	7,031.43	5,759.95
<b>Total .....</b>	<b>7,031.43</b>	<b>5,759.95</b>

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

### 37 Change In Inventories Of Finished Goods, Work In Progress And Stock In Trade

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Stock in trade</b>		
Stock at the Beginning of the financial year	897.84	1,091.12
Stock at the End of the financial year	770.63	897.84
	<b>127.21</b>	<b>193.28</b>
<b>Finished Goods</b>		
Stock at the Beginning of the financial year	1,038.65	506.94
Stock at the End of the financial year	910.50	1,038.65
	<b>128.15</b>	<b>(531.71)</b>
<b>Work in Progress</b>		
Stock at the Beginning of the financial year	696.44	193.53
Stock at the End of the financial year	552.73	696.44
	<b>143.71</b>	<b>(502.91)</b>
<b>Summary</b>		
Stock at the Beginning of the financial year	2,632.93	1,791.59
Stock at the End of the financial year	2,233.86	2,632.93
<b>Change in inventory</b>	<b>399.07</b>	<b>(841.34)</b>

Note: Refer note 46 for the disclosure of Ind AS 19 in respect of long term benefits payable to Employees recognized in financial statement.

### 38 Employee Benefit Expense

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Salary, Wages & Bonus	5,636.60	5,440.05
Contribution to Provident Fund & Other Funds	267.75	246.74
Staff welfare Expenses	169.44	178.59
<b>Total .....</b>	<b>6,073.79</b>	<b>5,865.38</b>

### 39 Finance Costs

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Interest Expense	29.23	110.46
Interest Paid to others	90.97	39.25
Other Borrowing Cost	35.99	52.05
<b>Total .....</b>	<b>156.19</b>	<b>201.76</b>

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

### 40 Depreciation And Amortization Expense

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Depreciation on Property, Plant & Equipment	740.04	717.25
Depreciation on Intangible Assets	13.83	13.21
Depreciation on Right to use Assets	2.16	2.16
<b>Total .....</b>	<b>756.03</b>	<b>732.62</b>

### 41 Other Expenses

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Power and Fuel	761.20	818.48
Labour Charges	980.92	1,109.71
Loading & Unloading Charges	4.96	3.54
Stores And Spares Consumption	114.45	83.48
Factory Expenses	115.85	93.54
Laboratory & Testing Charges	387.29	316.13
<b>Repairs &amp; Maintenance:</b>		
Building	110.15	126.94
Machinery	67.99	75.01
Other assets	138.53	120.10
<b>Total Repairs &amp; Maintenance:</b>	<b>316.67</b>	<b>322.05</b>
Loss On Sales Of Property, Plant & Equipments	5.27	4.02
Loss on sale of export license	12.96	8.87
Computer Expense	47.19	39.97
Rent	13.55	11.54
Rate & Taxes	428.10	149.88
Auditors' Remuneration (Refer Note 51)	11.00	11.15
Legal and Registration Expense	454.65	248.72
Professional & Consulting Fees	856.98	814.81
Conveyance & Vehicle Expense	56.14	61.51
Travelling Expense	306.46	540.31
Transportation Expense	281.19	237.51
Donation	7.53	9.45
Insurance	59.83	62.05
Office Expense	50.00	48.65
Post & Telephone Expense	67.19	43.16



## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

(₹ in Lakhs)		
Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Stationery, Printing & Xerox	42.79	43.51
Security Expense	41.30	54.63
CSR Expense	111.18	99.11
MTM Loss on Fair Valuation of Derivative contracts	Nil	45.60
Advertisement Expense	4.68	19.32
Sales Promotion & Marketing Expense	1,474.35	1,453.57
Sales Commission Expense	812.14	968.39
Bad debt Written off	Nil	207.49
Allowance for Expected credit loss expenses	9.10	4.24
Miscellaneous Expense	18.19	4.45
<b>Total .....</b>	<b>7,853.11</b>	<b>7,938.84</b>

### 42 Income tax recognized in profit and loss

(₹ in Lakhs)		
Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Current tax	2,129.04	1,566.96
Tax expense related to prior period	(6.68)	5.62
	<b>2,122.36</b>	<b>1,572.58</b>
Deferred tax liability / (assets)	24.72	4.03
	<b>24.72</b>	<b>4.03</b>
<b>Total .....</b>	<b>2,147.08</b>	<b>1,576.61</b>

#### Income tax reconciliation

(₹ in Lakhs)		
Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Profit before tax</b>	8,372.05	6,723.26
Tax expenses reported during the year	2,147.08	1,576.61
Income tax expenses calculated at CY 29.17% (PY 29.08%)	2,442.20	1,955.11
<b>Difference</b>	<b>(295.12)</b>	<b>(378.50)</b>
Permanent disallowances	67.84	63.43
Income not taxable under Income Tax Act,1961	(119.05)	(83.52)
Tax benefit available under Income Tax Act,1961	(248.73)	(357.10)
Effect on deferred tax balances due to change in income tax rate	(26.31)	Nil
Adjustment of current tax of prior years	25.50	5.62
Other Items	5.63	(6.93)
<b>Total .....</b>	<b>(295.12)</b>	<b>(378.50)</b>

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

### 43 Statement of Other Comprehensive Income

(₹ in Lakhs)		
Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
(i) Items that will not be reclassified to profit and loss		
Remeasurement of defined benefit plans		
Actuarial gain/(loss)	2.94	(65.09)
(ii) Income tax relating to these items that will not be reclassified to profit and loss		
Deferred tax impact on actuarial gain/(loss)	(1.03)	18.91
<b>Total .....</b>	<b>1.91</b>	<b>(46.18)</b>

### 44 Capital Commitment

Details of outstanding capital commitments are as under:

(₹ in Lakhs)		
Particulars	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	500.77	17.54
Advance paid against such contracts	256.17	13.59
<b>Remaining outstanding commitment</b>	<b>244.60</b>	<b>3.95</b>

### 45 Contingent Liabilities

(₹ in Lakhs)		
Particulars	As at March 31, 2021	As at March 31, 2020
Income Tax demands disputed in appeal by the Company / Income Tax Authorities. Against which amount of ₹ Nil (PY. Nil) been deposited by the company	230.38	219.22

### 46. Details of Employee Benefits:

#### (a) Defined Contribution Plans

The Group offers its employees benefits under defined contribution plans in the form of provident fund. Provident fund cover substantially all regular employees which are on payroll of the Group. Both the employees and the Group pay predetermined contributions into the provident fund and approved superannuation fund. The contributions are normally based on a certain proportion of the employee's salary and are recognised in the Consolidated Statement of Profit and Loss as incurred.

A sum of ₹ 39.98 Lakhs (March 31, 2019: ₹ 89.27 Lakhs) has been charged to the Statement of Profit and Loss in respect of this plan.

#### (b) Defined Benefit Plan - Gratuity:

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India in the form of a qualifying insurance policy.

The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy.

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

The following table summarizes the components of net benefit expense recognized in the Consolidated Statement of Profit and Loss and the funded status and the amounts recognized in the Balance Sheet for the plan:

### A. Expenses Recognized during the period

(₹ in Lakhs)

Particulars	Gratuity	
	Year Ended March 31, 2021	Year Ended March 31, 2020
In Income Statement	42.91	24.17
In Other Comprehensive (Income) / loss	(2.94)	65.10
<b>Total Expenses Recognized</b>	<b>39.97</b>	<b>89.27</b>

### A1. Expenses Recognized in the Income Statement

(₹ in Lakhs)

Particulars	Gratuity	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Current Service Cost	39.88	25.99
Past Service Cost	Nil	Nil
Loss / (Gain) on settlement	Nil	Nil
Net Interest Cost	3.03	(1.82)
<b>Expenses Recognized in the Statement of Profit and Loss</b>	<b>42.91</b>	<b>24.17</b>

### A2. Other Comprehensive Income

(₹ in Lakhs)

Particulars	Gratuity	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Actuarial (gains) / losses on Obligation for the period	(6.07)	61.94
Return on plan assets, excluding amount recognized in net interest expense	3.13	3.16
<b>Components of defined benefit costs recognized in other comprehensive income</b>	<b>(2.94)</b>	<b>65.10</b>

### B. Net Liability recognized in the balance sheet

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Present Value of Obligation	(302.11)	(267.70)
Fair value of plan assets	286.12	223.31
Surplus / (Deficit)	(15.99)	(44.39)
<b>Net (Liability) recognized in the Balance sheet</b>	<b>(15.99)</b>	<b>(44.39)</b>

(₹ in Lakhs)

Provision for Employee Benefits (Gratuity)	(15.99)	(44.39)
Gratuity Fund	Nil	Nil
<b>Net (Liability) recognised in the balance sheet</b>	<b>(15.99)</b>	<b>(44.39)</b>

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

### B1. Changes in the Present value of Obligation

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Present Value of Obligation as at the beginning	267.70	180.88
Current Service Cost	38.50	25.16
Interest Expense or Cost	19.67	14.74
<b>Re-measurement (or Actuarial) (gain) / loss arising from:</b>		
- change in financial assumptions	(0.65)	(4.48)
- change in demographic assumptions	4.21	Nil
- experience variance	(9.63)	66.42
Past Service Cost	Nil	Nil
Benefits Paid Directly from Employer	Nil	(2.23)
Benefit Paid from the Fund	(17.68)	(12.80)
<b>Present Value of Obligation as at the end of the year</b>	<b>302.11</b>	<b>267.70</b>

### B2. Changes in the Fair Value of Plan Assets

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Fair value of Plan Assets at the beginning of the year	223.31	204.52
Interest Income	15.25	15.73
Contribution by Employer	68.37	20.00
(Benefit paid from the Fund)	(17.68)	(13.78)
Return on Plan Assets, Excluding Interest Income	(3.13)	(3.16)
<b>Fair Value of Plan Assets at the end of the year</b>	<b>286.12</b>	<b>223.31</b>

### C. Actuarial Assumptions

Particulars	As at March 31, 2021	As at March 31, 2020
Discount Rate	6.85%	7.82%
Expected rate of salary increase	5.50%	6.50%
Expected Return on Plan Assets	6.85%	7.69%
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Rate of Employee Turnover	For service 4 years and below 20.00% p.a. For service 5 years and above 2.00% p.a.	For service 4 years and below 20.00% p.a. For service 5 years and above 2.00% p.a.
Retirement Age	58 Years	58 Years

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

### D. Sensitivity Analysis

(₹ in Lakhs)

Particulars	Gratuity	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Defined Benefit Obligation (Base)	302.11	267.70

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021		Year Ended March 31, 2020	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%) (% change compared to base due to sensitivity)	35.53	(29.86)	32.01	(26.79)
Salary Growth Rate (- / + 1%) (% change compared to base due to sensitivity)	(30.46)	34.72	(27.34)	32.12
Attrition Rate (- / + 1%) (% change compared to base due to sensitivity)	(3.69)	3.11	(3.09)	2.59

### E. Maturity Profile of Project Benefit Obligation

Particulars	Gratuity	
	As at March 31, 2021	As at March 31, 2020
Weighted average duration (based on discounted cash flows)	13	13

(₹ in Lakhs)

Expected cash out flows over the next (valued on undiscounted basis):	Gratuity	
	As at March 31, 2021	As at March 31, 2020
1 year	40.47	36.83
2 to 5 years	43.00	40.87
6 to 10 years	94.83	76.72
10 Years & above	579.91	528.79

### F. Characteristics of defined benefit plans and risks associated with them:

Valuation of defined benefit plan are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Group is exposed to various risks in providing the above benefit plans which are as follows:

- Interest Rate Risk:** A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.
- Salary Escalation Risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.
- Investment Risk:** The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

### 47. Segment Reporting

The Company's management, consisting of the managing director, the chief financial officer and other key managerial personnel for corporate planning, monitors the operating results of the below business segments separately for the purpose of making decisions about resource allocation and performance assessment and accordingly, based on the principles for determination of segments given in Indian Accounting Standard 108 "Operating Segments" and in the opinion of management the Company is primarily engaged in the business of "Pharmaceutical Products". All other activities of the Company revolve around the main business and as such there is no separate reportable business segment.

(i) The Geographic details of revenue and Non Current Assets are as under:

(₹ in Lakhs)

Particulars	India	Rest of World	Total	Year
Segment Revenues	16,355.08	26,063.47	42,418.55	For 2020-21
	16,801.04	21,848.01	38,649.05	For 2019-20
Segment Non Current Assets	15,291.58	Nil	15,291.58	As at 31/03/2021
	14,139.07	Nil	14,139.07	As at 31/03/2020

(ii) Details of customer contributing 10% or more of total revenue :

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
No. of customers contributing 10% or more of total revenue (individually)	1	1
Amount of revenue	6,607.76	4,815.56
% of total revenue	15.37%	12.11%

### 48 Fair Value Measurements

Financial instrument by category and their fair value

(₹ in Lakhs)

As at March 31, 2021	Note Reference	Carrying Amount				Fair Value (only those items which are recognised at FVTPL / FVTOCI)			
		FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>									
Investments									
Non Current	8	Nil	Nil	8.55	8.55	Nil	Nil	Nil	Nil
Current	13	8,066.47	Nil	Nil	8,066.47	Nil	8,066.47	Nil	8,066.47
Loans									
Non Current	9	Nil	Nil	2,509.44	2,509.44	Nil	Nil	Nil	Nil
Current	17	Nil	Nil	1,878.00	1,878.00	Nil	Nil	Nil	Nil
Other Non Current financial assets	10	Nil	Nil	75.17	75.17	Nil	Nil	Nil	Nil



## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

(₹ in Lakhs)

As at March 31, 2021	Note Reference	Carrying Amount				Fair Value (only those items which are recognised at FVTPL / FVTOCI)			
		FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Trade Receivables	14	Nil	Nil	11,132.75	11,132.75	Nil	Nil	Nil	Nil
Cash and Cash Equivalents	15	Nil	Nil	1,143.84	1,143.84	Nil	Nil	Nil	Nil
Other Bank Balances	16	Nil	Nil	240.28	240.28	Nil	Nil	Nil	Nil
Other Current Financial Assets	18	8.31	Nil	51.08	59.39	Nil	Nil	8.31	8.31
<b>Total Financial Assets</b>		<b>8,074.78</b>	<b>Nil</b>	<b>17,039.11</b>	<b>25,113.89</b>	<b>Nil</b>	<b>8,066.47</b>	<b>8.31</b>	<b>8,074.78</b>
<b>Financial Liabilities</b>									
Borrowings									
Non Current	24	Nil	Nil	14.45	14.45	Nil	Nil	Nil	Nil
Current	27 & 29	Nil	Nil	37.52	37.52	Nil	Nil	Nil	Nil
Other Financial Liabilities									
Non Current	25	Nil	Nil	429.16	429.16	Nil	Nil	Nil	Nil
Current	29	Nil	Nil	852.15	852.15	Nil	Nil	Nil	Nil
Trade Payables	28	Nil	Nil	5,679.23	5,679.23	Nil	Nil	Nil	Nil
<b>Total Financial Liabilities</b>		<b>Nil</b>	<b>Nil</b>	<b>7,012.51</b>	<b>7,012.51</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

(₹ in Lakhs)

As at March 31, 2020	Note Reference	Carrying Amount				Fair Value (only those items which are recognised at FVTPL / FVTOCI)			
		FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>									
Investments									
Non Current	8	Nil	Nil	8.55	8.55	Nil	Nil	Nil	Nil
Current	13	3,421.63	Nil	Nil	3,421.63	Nil	3,421.63	Nil	3,421.63
Loans									
Non Current	9	Nil	Nil	1,478.17	1,478.17	Nil	Nil	Nil	Nil
Current	17	Nil	Nil	1,588.41	1,588.41	Nil	Nil	Nil	Nil
Other Non Current financial assets	10	Nil	Nil	17.85	17.85	Nil	Nil	Nil	Nil
Trade Receivables	14	Nil	Nil	10,133.61	10,133.61	Nil	Nil	Nil	Nil
Cash and Cash Equivalents	15	Nil	Nil	1,223.05	1,223.05	Nil	Nil	Nil	Nil
Other Bank Balances	16	Nil	Nil	235.10	235.10	Nil	Nil	Nil	Nil

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

(₹ in Lakhs)

As at March 31, 2020	Note Reference	Carrying Amount				Fair Value (only those items which are recognised at FVTPL / FVTOCI)			
		FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Other Current Financial Assets	18	Nil	Nil	13.67	13.67	Nil	Nil	Nil	Nil
<b>Total Financial Assets</b>		<b>3,421.63</b>	<b>Nil</b>	<b>14,698.41</b>	<b>18,120.04</b>	<b>Nil</b>	<b>3,421.63</b>	<b>Nil</b>	<b>3,421.63</b>
<b>Financial Liabilities</b>									
Borrowings									
Non Current	24	Nil	Nil	84.89	84.89	Nil	Nil	Nil	Nil
Current	27 & 29	Nil	Nil	422.51	422.51	Nil	Nil	Nil	Nil
Other Financial Liabilities									
Non Current	25	Nil	Nil	405.24	405.24	Nil	Nil	Nil	Nil
Current	29	43.93	Nil	528.00	571.93	Nil	Nil	43.93	43.93
Trade Payables	28	Nil	Nil	5,124.27	5,124.27	Nil	Nil	Nil	Nil
<b>Total Financial Liabilities</b>		<b>43.93</b>	<b>Nil</b>	<b>6,564.91</b>	<b>6,608.84</b>	<b>Nil</b>	<b>Nil</b>	<b>43.93</b>	<b>43.93</b>

The above fair value hierarchy explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost for which fair values are disclosed in the consolidated financial statements. To provide the indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments in to three levels prescribed is as under:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices ) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

There were no transfers between the levels during the year

### Valuation process

The finance department of the Group includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. The fair valuation of level 1 and level 2 classified assets and liabilities are readily available from the quoted prices in the open market and rates available in secondary market respectively.

The carrying amount of trade receivable, trade payable, cash and bank balances, short term loans and advances, statutory/ receivable, short term borrowing, employee dues are considered to be the same as their fair value due to their short-term nature.

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

### 49 Financial risk management

The Group's activities expose it to a variety of financial risks, including credit risk, market risk and liquidity risk. The Group's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance. The Group's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same.

The Group's risk management is governed by policies and approved by the board of directors. The Group identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Group has policies for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments.

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by Board of Directors. The activities of this department include management of cash resources, borrowing strategies, and ensuring compliance with market risk limits and policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee of the Group oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit carried out at the Group as well as at subsidiaries level. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

#### I Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from its operating activities (primarily trade receivables), cash and cash equivalents and other financial instruments.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to the customer credit risk management. Outstanding customer receivables are regularly monitored and taken up on case to case basis. The Group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit scores of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management team on a regular basis. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions representing large number of minor receivables operating in largely independent markets.

The credit risk on cash and bank balances and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. Credit risk is managed through credit approvals, establishing credit limits, and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The history of trade receivables shows a negligible provision for bad and doubtful debts. The Group establishes an allowance for doubtful debts and impairment that represents its estimate of expected losses in respect of trade and other receivables and investments. The Group has adopted simplified approach of ECL model for impairment.

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

### i) Trade Receivables:

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. The Group with various activities as mentioned above manages credit risk. An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on historical data. Ageing of trade receivables is as under. The Group does not hold collateral as security.

The Group reviews trade receivables on periodic basis and makes provision for doubtful debts if collection is doubtful. The Group also calculates the expected credit loss (ECL) for non-collection of receivables. The Group makes additional provision if the ECL amount is higher than the provision made for doubtful debts. In case the ECL amount is lower than the provision made for doubtful debts, the Group retains the provision made for doubtful debts without any adjustment.

The provision for doubtful debts including ECL allowances for non-collection of receivables and delay in collection, on a combined basis, was ₹ 185.82 Lakhs as at March 31, 2021 and ₹ 176.73 Lakhs as at March 31, 2020. The movement in allowances for doubtful accounts comprising provision for both non-collection of receivables and delay in collection is as follows:

(₹ in Lakhs)		
Movement in allowance for Expected Credit Loss	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	176.72	172.48
Add : Allowance made during the year	9.64	4.24
Less : Reversal of allowance made during the year	0.54	Nil
<b>Balance at the end of the year</b>	<b>185.82</b>	<b>176.72</b>

### ii) Financial assets that are neither past due nor impaired

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's assessment of credit risk about particular financial institution. None of the Group's cash equivalents, including term deposits (i.e., certificates of deposit) with banks, were past due or impaired as at each balance sheet date.

## II Liquid Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages liquidity risk by maintaining adequate reserves, banking facilities including approved borrowing facilities sanctioned by the Parent Group, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Long-term borrowings generally mature between One to Ten years. The Group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. The Group's policy is to manage its borrowings centrally using mixture of long-term and short-term borrowing facilities to meet anticipated funding requirements.

The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lender. As of March 31, 2021 and March 31, 2020; the Group had unutilized credit limits from banks of ₹ 7,157.00 Lakhs and ₹ 6,773.68 Lakhs respectively. The tables below analyze the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

(₹ in Lakhs)

Contractual maturities of financial liabilities as at March 31, 2021	Carrying Amount	Contractual Cash Flows				
		On demand or within 1 year	Over 1 year within 2 years	Over 3 years within 5 years	Over 5 years	Total
<b>Borrowings:</b>						
Non Current (Refer Note No. 24)	14.45	Nil	14.45	Nil	Nil	14.45
Current (Refer Note No. 27 & 29)	37.52	37.52	Nil	Nil	Nil	37.52
<b>Other Financial Liabilities:</b>						
Non Current (Refer Note No. 25)	429.16	Nil	Nil	Nil	429.16	429.16
Current (Refer Note No. 29)	852.15	852.15	Nil	Nil	Nil	852.15
<b>Trade Payables (Refer Note No. 28)</b>	5,679.23	5,679.23	Nil	Nil	Nil	5,679.23
<b>Total</b>	<b>7,012.51</b>	<b>6,568.90</b>	<b>14.45</b>	<b>Nil</b>	<b>429.16</b>	<b>7,012.51</b>

(₹ in Lakhs)

Contractual maturities of financial liabilities as at March 31, 2020	Carrying Amount	Contractual Cash Flows				
		On demand or within 1 year	Over 1 year within 2 years	Over 3 years within 5 years	Over 5 years	Total
<b>Borrowings:</b>						
Non Current (Refer Note No. 24)	84.89	Nil	35.12	49.77	Nil	84.89
Current (Refer Note No. 27 & 29)	422.51	422.51	Nil	Nil	Nil	422.51
<b>Other Financial Liabilities:</b>						
Non Current (Refer Note No. 25)	405.24	Nil	Nil	Nil	405.24	405.24
Current (Refer Note No. 29)	571.93	571.93	Nil	Nil	Nil	571.93
<b>Trade Payables (Refer Note No. 28)</b>	5,124.27	5,124.27	Nil	Nil	Nil	5,124.27
<b>Total</b>	<b>6,608.84</b>	<b>6,118.71</b>	<b>35.12</b>	<b>49.77</b>	<b>405.24</b>	<b>6,608.84</b>

### III Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates and commodity prices) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term debt. The Group is exposed to market risk primarily related to foreign exchange rate risk and commodity risk.

#### a) 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).

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

The Group's foreign exchange risk arises mainly from following activities:

**Foreign currency revenues and expenses (primarily in USD and EURO) :** A portion of the Group's revenues are in these foreign currencies, while a significant portion of its costs are in Indian Rupees. As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Group's revenues measured in Indian Rupees may decrease. The exchange rate between the Indian rupee and these foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. As of March 31, 2021, the Group had entered into derivative contracts of Rs.2,741.63 Lakhs (PY Rs.2,165.54 Lakhs) to hedge exposure to fluctuations in foreign currency risk. The below sensitivity is calculated after netting off the impact of foreign currency forward contracts which largely mitigate the risk.

The Group does not use derivative financial instruments for trading or speculative purposes.

(₹ & FC in Lakhs)

- i) **The following table analyses foreign currency risk from non-derivative financial instruments as at each balance sheet date:**

Particulars	Currency	As at March 31, 2021	As at March 31, 2020
a) Trade Receivables (Against Export)	USD	44.88	36.06
	INR	3,299.05	2,718.20
	EURO	4.77	1.06
	INR	410.77	88.36
b) Trade Payables (Against import - including capital import)	USD	0.17	0.48
	INR	12.50	36.21
Net Statement of Financial Exposure (a - b)	USD	44.71	35.58
	INR	3,286.55	2,681.99
	EURO	4.77	1.06
	INR	410.77	88.36

Note - Figures in bracket denotes credit balance.

- ii) **Foreign Currency Risk Sensitivity**

The sensitivity of profit or loss due to changes in the exchange rates arises mainly from non-derivative foreign currency denominated financial instruments (mainly financial instruments denominated in USD and EURO currencies). The same is summarized as below:

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021		Year Ended March 31, 2020	
	5% Increase	5% Decrease	5% Increase	5% Decrease
USD	164.33	(164.33)	134.10	(134.10)
EURO	20.54	(20.54)	4.42	(4.42)
<b>Total .....</b>	<b>184.87</b>	<b>(184.87)</b>	<b>138.52</b>	<b>(138.52)</b>

- b) **Interest Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates related primarily to the Group's short-term borrowings with floating interest rates..



## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

### i) Exposure to interest rate risk

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Fixed Rate Borrowings	51.97	124.08
Variable Rate Borrowings	Nil	383.32
<b>Total</b>	<b>51.97</b>	<b>507.40</b>

For details of the Group's short-term and long term loans and borrowings, including interest rate profiles, refer to Note 24 and 27 of these consolidated financial statements.

### ii) Interest Rate Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
50bp increase would decrease the profit before tax by	Nil	(1.92)
50bp decrease would increase the profit before tax by	Nil	1.92

### c) Price Risk

The company's exposure to price risk arises from investments in mutual funds (Refer Note 13). The company has not undertaken any risk mitigation measures to reduce the price risk. The table below summarises the impact of increases / decreases of share price of the investments and profit for the period. The analysis is based on the assumption that the market price of those investments in Mutual Funds move by 5% point on either side with all other variables held constant.

(₹ in Lakhs)

Period	Total No. of Units held	Average price per unit	Fair Value	% Change in Fair Value	Effect on Profit before Tax
March 31, 2021	1,70,33,512.22	47.36	8,066.47	5.00%	403.32
				-5.00%	(403.32)
March 31, 2020	40,16,506.66	85.19	3,421.63	5.00%	171.08
				-5.00%	(171.08)

## 50 Capital Management:

The Group's capital management is intended to maximise the return to shareholders and benefits for other stakeholders for meeting the long-term and short-term goals of the Group; and reduce the cost of capital through the optimization of the capital structure i.e. the debt and equity balance. The Group monitors the capital structure on the basis of Net debt to equity ratio and maturity profile of the overall debt portfolio of the Group.

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

The gearing ratio at the end of the reporting period was as follows:

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Non Current Borrowing (Refer Note.24)	14.45	84.89
Current Borrowing (Refer Note.27)	Nil	383.32
Current maturity of long term borrowing (Refer Note.29)	37.52	39.19
<b>Total Borrowing</b>	<b>51.97</b>	<b>507.40</b>
Less : Cash and cash Equivalents	1,143.84	1,223.05
<b>Net debt</b>	<b>Nil</b>	<b>Nil</b>
<b>Equity</b>	<b>37,569.96</b>	<b>31,347.11</b>
Net debt to equity ratio	Nil	Nil

### 51 Details of Payment to Auditors

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Payment to auditors:</b>		
<b>To Statutory Auditor:</b>		
Audit fee	7.50	7.65
Taxation matters	3.50	3.50
<b>Total .....</b>	<b>11.00</b>	<b>11.15</b>

### 52 Interest in Subsidiaries:

#### 52.1 Subsidiaries:

The group's subsidiaries at March 31, 2021 and March 31, 2020 are set out below:

Name of entity	Place of business	Principal activities	As at March 31, 2021	As at March 31, 2020
Lincoln Parenteral Limited	India	Manufacturing and trading of Pharmaceutical Products		
Ownership Interest Held by the Company			98.58%	98.58%
Ownership interest held by non-controlling interests			1.42%	1.42%
Zullinc Healthcare LLP	India	Manufacturing and trading of Pharmaceutical Products		
Ownership Interest Held by the Company			100%	100%
Ownership interest held by non-controlling interests			0%	0%
Savebux Enterprises Private Limited (Voluntarily wound up w.e.f 03/03/2021)	India	Trading of Pharmaceutical Products		
Ownership Interest Held by the Company			0%	100%
Ownership interest held by non-controlling interests			0%	0%

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

### 52.2 Details of subsidiaries and non-controlling interest:

Set out below is summarised financial information of subsidiaries. The amounts disclosed for each subsidiary are before inter-company eliminations.

#### (i) Summarised Balance Sheet of subsidiaries as at each balance sheet date:

(₹ in Lakhs)

Particulars	As at March 31, 2021		
	Lincoln Parenteral Limited	Zullinc Healthcare LLP	Savebux Enterprises Private Limited (Voluntarily wound up w.e.f 03/03/2021)
Current assets	3,019.80	856.28	Nil
Current liabilities	701.92	734.01	Nil
<b>Net Current assets / (liabilities)</b>	<b>2,317.88</b>	<b>122.27</b>	<b>Nil</b>
Non-current assets	2,120.24	Nil	Nil
Non-current liabilities	1,725.73	Nil	Nil
<b>Net Non-current assets / (liabilities)</b>	<b>394.51</b>	<b>Nil</b>	<b>Nil</b>
<b>Net Assets</b>	<b>2,712.39</b>	<b>122.27</b>	<b>Nil</b>
<b>Accumulated Non-controlling interest</b>	<b>40.76</b>	<b>Nil</b>	<b>Nil</b>

(₹ in Lakhs)

Particulars	As at March 31, 2020		
	Lincoln Parenteral Limited	Zullinc Healthcare LLP	Savebux Enterprises Private Limited (Under Voluntary Liquidation Process)
Current assets	3,800.89	959.38	9.03
Current liabilities	1,564.26	845.03	Nil
<b>Net Current assets / (liabilities)</b>	<b>2,236.63</b>	<b>114.35</b>	<b>9.03</b>
Non-current assets	2,277.99	Nil	Nil
Non-current liabilities	1,983.34	Nil	Nil
<b>Net Non-current assets / (liabilities)</b>	<b>294.65</b>	<b>Nil</b>	<b>Nil</b>
<b>Net Assets</b>	<b>2,531.28</b>	<b>114.35</b>	<b>9.03</b>
<b>Accumulated Non-controlling interest</b>	<b>38.20</b>	<b>Nil</b>	<b>Nil</b>

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

(ii) Summarised Statement of Profit and Loss of subsidiaries during each financial year:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2021		
	Lincoln Parenteral Limited	Zullinc Healthcare LLP	Savebux Enterprises Private Limited (Voluntarily wound up w.e.f 03/03/2021)
Revenue	4,470.29	169.72	Nil
Profit for the year	184.41	7.92	Nil
Other Comprehensive Income	(3.30)	Nil	Nil
Profit / (loss) attributable to Non-controlling interest	2.61	Nil	Nil
Other Comprehensive Income attributable to Non-controlling interest	(0.05)	Nil	Nil
<b>Total comprehensive income attributable to Non-controlling interest</b>	<b>2.56</b>	<b>Nil</b>	<b>Nil</b>

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020		
	Lincoln Parenteral Limited	Zullinc Healthcare LLP	Savebux Enterprises Private Limited (Under Voluntary Liquidation Process)
Revenue	4,448.33	177.05	Nil
Profit for the year	191.29	5.36	(1.03)
Other Comprehensive Income	(2.24)	Nil	Nil
Profit / (loss) attributable to Non-controlling interest	2.71	Nil	Nil
Other Comprehensive Income attributable to Non-controlling interest	(0.03)	Nil	Nil
<b>Total comprehensive income attributable to Non-controlling interest</b>	<b>2.68</b>	<b>Nil</b>	<b>Nil</b>

(iii) Summarised Cash Flows of subsidiaries:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2021		
	Lincoln Parenteral Limited	Zullinc Healthcare LLP	Savebux Enterprises Private Limited (Voluntarily wound up w.e.f 03/03/2021)
Cash flows from operating activities	(197.91)	3.98	Nil
Cash flows from investing activities	48.44	Nil	Nil
Cash flows from financing activities	(44.81)	(0.23)	Nil
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>(194.28)</b>	<b>3.75</b>	<b>Nil</b>

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020		
	Lincoln Parenteral Limited	Zullinc Healthcare LLP	Savebux Enterprises Private Limited (Under Voluntary Liquidation Process)
Cash flows from operating activities	236.42	25.68	203.11
Cash flows from investing activities	11.79	Nil	(195.00)
Cash flows from financing activities	34.58	(0.54)	(0.02)
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>282.79</b>	<b>25.14</b>	<b>8.09</b>

### 53 Research and development expenditure:

The Group's in house R&D unit has been approved by Government of India, Ministry of Science & Technology, Department of Scientific and Industrial Research, New Delhi. The Group's in house R&D unit is also approved for weighted deduction U/S 35(2) and (2AB) of the Income Tax act, 1961.

Details of Capital & Revenue Expenditure of R&D unit incurred during the year is as below:

(₹ in Lakhs)

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	Capital	Revenue	Capital	Revenue
Property, Plant & Equipment	83.33	Nil	323.98	Nil
Intangible Assets	2.50	Nil	Nil	Nil
Employee Benefit Expenses	Nil	345.90	Nil	361.39
Material Consumption	Nil	442.11	Nil	293.07
Manufacturing Expense	Nil	115.64	Nil	121.90
Administration Expenses	Nil	32.67	Nil	53.60
<b>Total Amount Eligible for deduction U/s 35(2AB) of the income Tax Act, 1961.</b>	<b>85.83</b>	<b>936.32</b>	<b>323.98</b>	<b>829.96</b>
Capital Work in Progress	Nil	Nil	2.39	Nil
R&D Building	Nil	Nil	25.77	Nil
<b>Total Amount Eligible for deduction U/s 35(2) of the income Tax Act, 1961.</b>	<b>Nil</b>	<b>Nil</b>	<b>28.16</b>	<b>Nil</b>
<b>Total</b>	<b>85.83</b>	<b>936.32</b>	<b>352.14</b>	<b>829.96</b>

### 54 Earnings Per Share (EPS)

Particulars		Year Ended March 31, 2021	Year Ended March 31, 2020
Net Profit for calculation of basic / diluted EPS	₹ in Lakhs	6,222.36	5,143.94
Weighted Average Number of Equity Shares in calculating Basic and Diluted EPS	Numbers	2,00,00,000	2,00,00,000
Basic and Diluted Earnings Per Share	₹	31.11	25.72
Nominal Value of Equity Shares	₹	31.11	25.72

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

### A. Reconciliation on Amount of EPS

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>(a) Basic earnings per share in ₹</b>		
From continuing operations attributable to the equity holders of the company	31.11	25.72
<b>Total basic earnings per share attributable to the equity holders of the company</b>	<b>31.11</b>	<b>25.72</b>
<b>(b) Diluted earnings per share in ₹</b>		
From continuing operations attributable to the equity holders of the company	31.11	25.72
<b>Total diluted earnings per share attributable to the equity holders of the company</b>	<b>31.11</b>	<b>25.72</b>

### B. Reconciliations of earnings used in calculating earnings per share

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>(a) Basic earnings per share</b>		
Profit attributable to the equity holders of the company used in calculating basic earnings per share:	6,222.36	5,143.94
<b>(b) Diluted earnings per share</b>		
Profit attributable to the equity holders of the company used in calculating diluted earnings per share	6,222.36	5,143.94

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

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>(a) Basic earnings per share</b>		
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	2,00,00,000	2,00,00,000
<b>(b) Diluted earnings per share</b>		
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	2,00,00,000	2,00,00,000

### D. Increase / decrease in EPS due to retrospective restatement of prior period error

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
(a) Basic earnings per share	Nil	Nil
(b) Diluted earnings per share	Nil	Nil



## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

### 55. Related Parties Disclosures

#### (i) List of related parties:

Name of related party	Nature of relationship
<b>Key Managerial Personnel:</b>	
Mahendra G Patel	Managing Director
Ashish R Patel	Whole-Time Director
Hashmukh I Patel	Whole-Time Director
Munjal M Patel	Whole-Time Director
Rajnikant G Patel	Director
Arvindbhai G Patel	Director
Ishwarlal A Patel	Director
Darshit A Shah	Chief Financial Officer
Niren A Desai	Company Secretary
<b>Entities in which Key managerial personnel and/or their relatives have control:</b>	
Downtown Finance Pvt Ltd	Entity controlled by Key Managerial Personnel/ or their relatives
Downtown Travels LLP	Entity controlled by Key Managerial Personnel/ or their relatives
Sunmed corporation LLP	Entity controlled by Key Managerial Personnel/ or their relatives
Shardaben Gulabdas Patel Public Charitable Trust	Entity controlled by Key Managerial Personnel/ or their relatives
Shree Corporation	Entity controlled by Key Managerial Personnel/ or their relatives
<b>Relatives of Key Managerial Personnel:</b>	
Anand A Patel	Son of Director
Ashish R Patel HUF	HUF of Whole-time Director
Arvind G Patel	Father of Director
Dharmisthaben H Patel	Wife of Whole Time Director
Hansaben A Patel	Wife of Director
Jigar H Patel	Son of Whole Time Director
Mansi M Patel	Wife of Whole Time Director
Mahendra G Patel HUF	HUF of Managing Director
Munjal M Patel HUF	HUF of Whole-time Director
Nidhi M Patel	Daughter of Managing Director
Aniruddh H Patel	Son of Whole Time Director
Shardaben G Patel	Mother of Managing Director / Whole Time Director
Shivani B Shah	Wife of Whole Time Director
Siddarth R Patel	Son of Director
Kailashben M Patel	Wife of Managing Director
Kalpanaben R Patel	Wife of Director

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

- (ii) Transactions during the year and balances outstanding with related parties are as under:  
Transactions with related parties during the year:

(₹ in Lakhs)			
Name of related party	Nature of Transaction	Year ended March 31, 2021	Year ended March 31, 2020
Downtown Finance Pvt Ltd	Dividend Paid	Nil	3.18
Downtown Travels LLP	Travelling expenses	33.62	49.98
	Dividend Paid	Nil	14.25
Sunmed Corporation LLP	Commission	6.02	6.20
	Dividend Paid	Nil	15.00
Shardaben Gulabdas Patel Public Charitable Trust	CSR contribution	64.11	34.90
Shree Corporation	Advance Received back	Nil	12.59
	Advance given	Nil	16.56
Ashish R Patel HUF	Commission	47.20	27.49
Mahendra G Patel HUF	Commission	17.70	23.60
Munjal M Patel HUF	Commission	17.70	23.60
Anand A Patel	Dividend Paid	Nil	3.96
	Remuneration	14.08	15.96
Ashish R Patel	Remuneration	43.51	40.01
	Dividend Paid	Nil	15.89
Hashmukh I Patel	Remuneration	30.44	27.85
	Dividend Paid	Nil	11.21
Mahendra G Patel	Remuneration	25.31	23.08
	Rent	6.50	3.50
	Advance given	Nil	1.85
	Dividend Paid	Nil	15.05
Mansi M Patel	Dividend Paid	Nil	6.00
	Remuneration	11.70	20.79
Munjal M Patel	Remuneration	27.84	25.21
	Dividend Paid	Nil	24.47
Rajani G Patel	Dividend Paid	Nil	9.16
Arvindbhai G Patel	Consultancy Fees	8.40	8.40
	Dividend Paid	Nil	3.33
Darshit A Shah	Salary Expenses	8.88	8.40
Niren A Desai	Salary Expenses	4.27	0.35
Bhavik P Parikh (Upto February 27, 2020)	Salary Expenses	Nil	1.56
Mansi A Patel	Salary Expenses	16.90	16.39
Kailashben M Patel	Rent	6.50	5.35
	Salary Expenses	11.70	11.50
	Dividend Paid	Nil	9.90
Kalpanaben R Patel	Salary Expenses	4.55	5.45
	Dividend Paid	Nil	8.79

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

(₹ in Lakhs)			
Name of related party	Nature of Transaction	Year ended March 31, 2021	Year ended March 31, 2020
Dharmisthaben H Patel	Dividend Paid	Nil	1.95
	Salary Expenses	11.05	10.79
Hansaben A Patel	Dividend Paid	Nil	3.52
Ishwarlal A Patel	Dividend Paid	Nil	1.51
Jigar H Patel	Dividend Paid	Nil	1.54
Nidhi M Patel	Dividend Paid	Nil	1.62
	Salary Expenses	9.10	11.49
Aniruddh H Patel	Dividend Paid	Nil	1.54
Nishit M Patel	Dividend Paid	Nil	5.46
Shardaben G Patel	Dividend Paid	Nil	0.94
Shivani B Shah	Dividend Paid	Nil	6.06
Siddarth R Patel	Dividend Paid	Nil	12.60

### Compensation to Key Managerial Personnel

(₹ in Lakhs)		
Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Short term Employee benefit	154.33	142.42
Post Employment Benefits	6.01	3.99
<b>Total</b>	<b>160.34</b>	<b>146.41</b>

### Balances outstanding at each reporting date:

(₹ in Lakhs)			
Particulars	Nature of Amount	As at March 31, 2021	As at March 31, 2020
<b>Sunmed corporation LLP:</b>			
Advance to suppliers	Other current assets	116.25	116.25
Outstanding payables	Trade payables	(4.37)	(4.37)
Downtown Travels LLP	Trade payables	Nil	(19.91)
Downtown Travels LLP	Other current assets	22.63	Nil
Ashish R Patel	Other current Financial Liability	(1.49)	Nil
Mahendra G Patel HUF	Trade payables	Nil	Nil
Shree Corporation	Trade Receivable	3.97	3.97
Munjal M Patel HUF	Trade payables	Nil	Nil
Ashish R Patel	Other current Financial Liability	Nil	Nil
Mahendra G Patel	Other current assets	8.26	8.36
Munjal M Patel	Other current assets	Nil	1.75
Munjal M Patel	Trade Payables	1.53	Nil

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

(₹ in Lakhs)			
Particulars	Nature of Amount	As at March 31, 2021	As at March 31, 2020
Kailashben M Patel	Trade Payables	3.27	2.00
	Other current Financial Liability	(0.03)	1.27
Anand A Patel	Other current Financial Liability	(0.53)	Nil
Mansi A Patel	Other current Financial Liability	(0.63)	Nil
Arvind G Patel	Trade payables	(0.65)	(0.63)
Mansi M Patel	Other current Financial Liability	(0.21)	Nil
Nidhi M Patel	Other current Financial Liability	(0.04)	Nil
Dharmisthaben H Patel	Other current Financial Liability	(0.68)	(3.08)
Hashmukh I Patel	Other current Financial Liability	(0.95)	5.00
Kalpanaben R Patel	Other current Financial Liability	(0.35)	Nil
Niren A Desai	Other current Financial Liability	(0.31)	Nil
Darshit A Shah	Other current Financial Liability	(0.63)	Nil

Note: Figures in bracket denotes credit balance.

### 56 Changes in Liabilities arising from Financial Activities

(₹ in Lakhs)		
Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Opening Balance	6,608.84	8,973.87
Cash inflow of non-current borrowings	Nil	81.00
Cash outflow of non-current borrowings	(72.11)	(308.43)
Changes in current borrowings cash flows	(383.32)	(2,626.03)
Changes in trade payable cash flows	554.96	722.80
Change in other current financial liability	312.80	(295.03)
Change in other non-current financial liability	23.92	37.74
Others	(32.58)	22.92
<b>Closing Balance</b>	<b>7,012.51</b>	<b>6,608.84</b>

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

### 57. Details Of Hedged And Unhedged Exposure in Foreign Currency Denominated Monetary Items

#### a. Exposure in foreign currency - Hedged

The Company enters into forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.

The forward exchange contracts used for hedging foreign currency exposure and outstanding as at reporting date are as under:

(₹ & FC in Lakhs)

Currency	Number of Contracts	Sell Amount in Foreign Currency	Indian ₹ Equivalent
Forward contract to Sell USD - As at 31/03/2021	8	37.50	2,741.63
Forward contract to Sell USD - As at 31/03/2020	8	27.00	2,042.96
Forward contract to Sell EURO - As at 31/03/2020	2	1.48	122.59

#### b. Exposure in foreign currency - Unhedged

The foreign currency exposure not hedged as at 31<sup>st</sup> March, 2021 and 31<sup>st</sup> March, 2020 are as under:

(FC in Lakhs)

Currency	Payable (In FC)		Receivable (In FC)	
	As at 31/03/2021	As at 31/03/2020	As at 31/03/2021	As at 31/03/2020
USD	0.17	0.48	44.88	36.06
EURO	Nil	Nil	4.77	1.06

(₹ in Lakhs)

Currency	Payable (In INR)		Receivable (In INR)	
	As at 31/03/2021	As at 31/03/2020	As at 31/03/2021	As at 31/03/2020
USD	12.50	36.21	3,299.05	2,718.20
EURO	Nil	Nil	410.77	88.36

### 58 Corporate Social Responsibility

Details of amount required to be spent by the Group towards Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 is stated as below:

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Gross amount required to be spent by the company during the year	109.57	92.50
Amount Spent during the year on		
(i) Construction/ Acquisition of any assets		
In Cash	Nil	Nil
Yet to be paid	Nil	Nil
(ii) On purpose other than (i) above		
In Cash	111.18	99.11
Yet to be paid	Nil	Nil

## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

### 59 Due to Micro and Small Enterprise

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came in to force from 02.10.2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with management, outstanding dues to the Micro and Small enterprise as defined in the MSMED Act, 2006 are disclosed as below:

(₹ in Lakhs)

Particulars	As At 31/03/2021	As At 31/03/2020
a) The Principal amount remaining unpaid to Micro and Small enterprise supplier as at the year end	871.53	799.13
b) Interest due thereon	Nil	Nil
c) Amount of interest paid by the Company in terms of section 16 of MSMED Act	Nil	Nil
d) 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 the MSMED 2006	Nil	Nil
e) Amount of interest accrued and remaining unpaid at the end of accounting year	Nil	Nil
f) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance of a deductible expenditure under section 23 of Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Company and the same has been relied by the Auditor.

### 60 Assets Pledged as Security

The Carrying amount of assets Pledged as Security for Current and non Current borrowing are:

(₹ in Lakhs)

Particulars	Note No.	As At 31/03/2021	As At 31/03/2020
<b>Non-Current Assets</b>			
Property Plant & Equipment	5	8,751.37	8,773.99
<b>Total Non Current Assets pledged as Security</b>		<b>8,751.37</b>	<b>8,773.99</b>
<b>Current Assets</b>			
Inventories	12	4,026.66	3,753.73
<b>Financial Assets</b>			
Investments	13	8,066.46	3,421.63
Trade Receivable	14	10,223.44	9,099.52
Cash and cash equivalents	15	1,012.54	892.30
Other Bank Balance	16	222.80	213.77
Loans	17	1,836.00	1,441.70
Other Financial Assets	18	176.67	123.01
Other Current Assets	20	1,990.40	2,576.83
<b>Total Current Assets pledged as Security</b>		<b>27,554.97</b>	<b>21,522.49</b>
<b>Total Assets Pledged as Security</b>		<b>36,306.34</b>	<b>30,296.48</b>



## Notes to consolidated financial statement (Contd...)

for the year ended March 31, 2021

Note:

- i) Asset pledge as security by Parent Company of ₹ 36,306.34 Lakhs (PY ₹ 30,251.19 Lakhs) includes the Securities hypothecated with the bank for current and non-current borrowing by the company.
  - ii) Assets pledge as security by subsidiary company of ₹ Nil (PY ₹ 45.29 Lakhs) includes the security hypothecated vehicle with financier.
61. Due to outbreak of COVID-19 globally and in India, the Company has considered the possible effects that may result from COVID-19 on the carrying amounts of financial and non financial assets as well as liabilities accrued. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID 19 situation evolves in India and globally. Having reviewed the underlying data and based on current estimates the Company expects the carrying amount of these assets will be recovered and there is no significant impact on liabilities accrued. However, the Company will continue to closely monitor any material changes to future economic conditions.
62. Previous year's figures have been regrouped and rearranged wherever necessary, to make them comparable with those of current year.

As per our report of even date attached herewith.

**For, J. T. Shah & Co**  
**Chartered Accountants**  
**(Firm Regd. No.109616W)**

**[J. J. Shah]**  
**Partner**  
**(M.No. 045669)**  
**UDIN:21045669AAAACS5769**

Place : Ahmedabad  
 Date: 25/05/2021

For and on behalf of the Board of Directors of  
**Lincoln Pharmaceuticals Limited**

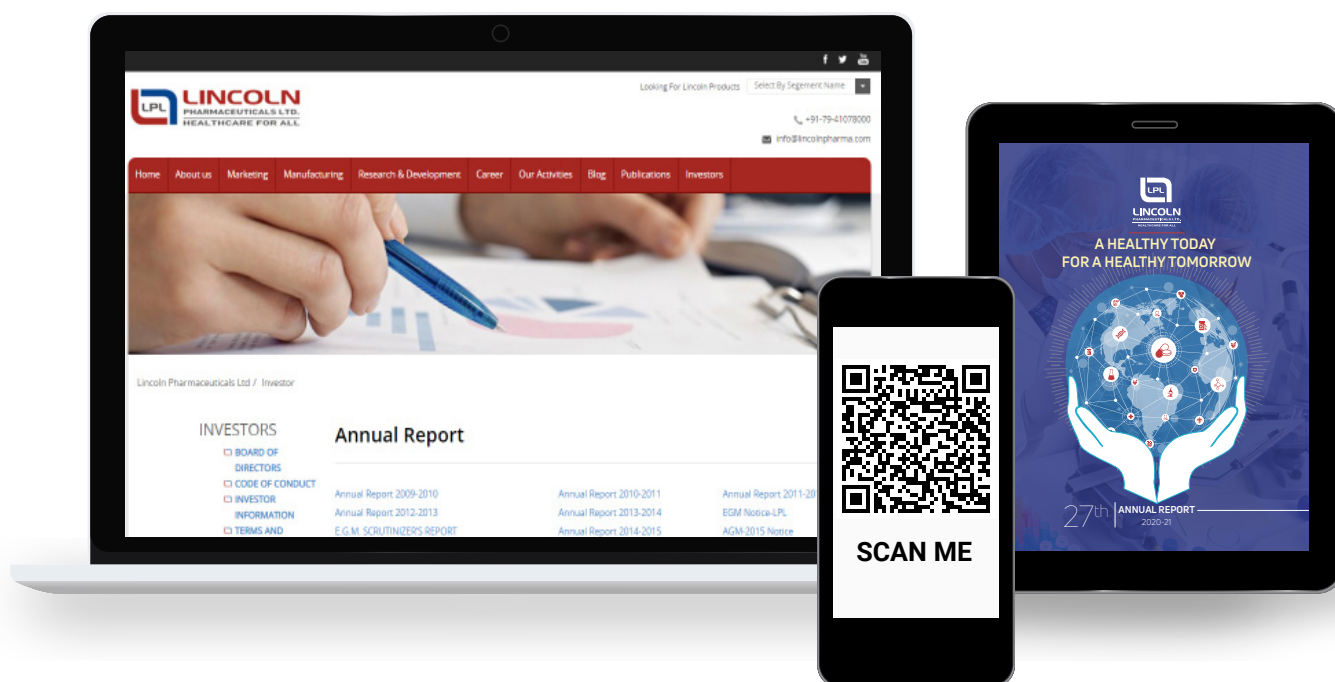
**(Mahendra G. Patel)**  
 (Managing Director)  
 (DIN : 00104706)

**(Darshit A. Shah)**  
 (Chief Financial Officer)

Place: Ahmedabad  
 Date: 25/05/2021

**(Hasmukh I. Patel)**  
 (Whole Time Director)  
 (DIN : 00104834)

**(Niren A. Desai)**  
 (Company Secretary)  
 (M. No. A60285)



### THE ANNUAL REPORT ONLINE

This 2021 Annual Report can also be downloaded as a PDF file from our website at

<https://www.lincolnpharma.com/investors/annual-report>



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