



GLAND PHARMA LIMITED



Annual Report

2018-19



ANNUAL REPORT 2018-19



Sy. No. 143-148, 150 & 151,
Near Gandimaisamma 'X' Roads,
D.P. Pally, Dundigal
Dundigal - Gandimaisamma (M)
Medchal - Malkajgiri District
Hyderabad - 500 043
Tel: +91-40-3051 0999: Fax:+91-40-3051 0800
E-Mail: gland@glandpharma.com
WebSite: www.glandpharma.com
CIN: U24239TG1978PLC002276



Corporate Information

BOARD OF DIRECTORS

- | | |
|-------------------------------------|---------------------------------|
| 1. Mr. Yiu Kwan Stanley Lau | Independent Director & Chairman |
| 2. Mr. Chen Qiyu | Director |
| 3. Mr. Srinivas Sadu | Managing Director & CEO |
| 4. Mr. Udo J Vetter | Director |
| 5. Mr. Dongming Li | Director |
| 6. Ms. Guan Xiaohui | Director |
| 7. Mr. Yiran Peng | Director & CFO |
| 8. Mr. Moheb Ali | Independent Director |
| 9. Mr. Satyanarayana Murthy Chavali | Independent Director |

COMPANY SECRETARY

P. Sampath Kumar

STATUTORY AUDITORS

M/s. S.R. Batliboi & Associates LLP
Chartered Accountants
Hyderabad.

BANKERS

Syndicate Bank
Corporate Finance Branch
Hyderabad.

The Hongkong and Shanghai Banking Corporation
Somajiguda
Hyderabad.

HDFC Bank Limited
S.R. Nagar Branch
Hyderabad

REGISTERED OFFICE

Sy. No. 143-148, 150 & 151,
Near Gandimaisamma 'X' Roads,
D.P. Pally, Dundigal
Dundigal - Gandimaisamma (M)
Medchal - Malkajgiri District
Hyderabad - 500 043
Tel: +91-40-3051 0999; Fax:+91-40-3051 0800
E-Mail: gland@glandpharma.com
WebSite: www.glandpharma.com

PLANTS

Sy. No. 143-148, 150 & 151
Near Gandimaisamma 'X' Roads
D.P. Pally, Dundigal (Post),
Hyderabad - 500 043.

Unit – I, Block - C, Phase - I
Visakhapatnam Special Economic Zone,
Duvvada, Visakhapatnam- 530 046.

Plot No. 49 & 50,
Jawaharlal Nehru Pharmacy,
Parawada (M),
Visakhapatnam – 531 021.

Plot No. 42 – 52, 54, 55 & 64 – 68
APIIC, Phase-III, Pashamylaram(V),
Patancheru(M), Medak(Dt) – 502 307.

Unit – II, Block – C, Phase-I,
Visakhapatnam Special Economic Zone
Duvvada, Visakhapatnam - 530 046.

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NOTICE

Notice is hereby given that the 41st Annual General Meeting (AGM) of the Members of Gland Pharma Limited (CIN: U24239TG1978PLC002276) will be held on Monday, 30th September, 2019 at 11:00 A.M. at the Registered Office of the Company situated at Sy. No. 143 - 148, 150 & 151, Near Gandimaisamma 'X' Roads, D.P. Pally, Dundigal, Dundigal - Gandimaisamma (M), Medchal - Malkajgiri Dist, Hyderabad - 500 043 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the financial statements of the Company for the year ended 31st March, 2019 including the audited balance sheet as at 31st March, 2019; the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date along with the Schedules and Notes thereto, together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Ms. Guan Xiaohui, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr. Li Dongming, who retires by rotation and being eligible, offers himself for re-appointment.

For and on behalf of the Board

Srinivas Sadu
Managing Director & CEO
DIN: 06900659

Place: Hyderabad
Date: 29-Aug-2019

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy need not be a Member of the Company.
2. The proxy form, in order to be effective, must be duly filled and signed and deposited at the Registered Office of the Company not less than 48 hours before commencement of the Meeting.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.
4. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the company, a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting.
5. The requirement to place the matter relating to the appointment of statutory auditors for ratification by Members at every AGM is omitted vide notification dated 7th May, 2018 issued by the Ministry of Corporate Affairs, New Delhi.
6. The register of directors and key managerial personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013; will be available for inspection by the members at the AGM.
7. The register of contracts or arrangements in which directors are interested, maintained under Section 189 of the Companies Act, 2013; will be available for inspection by the members at the AGM.
8. Members are requested to kindly bring their copy of the annual report with them at the AGM, as no extra copy of the annual report would be made available at the AGM venue. Members/proxies should also bring the attached attendance slip, duly filled and hand it over at the Meeting.

Dear Members,

Your Directors take pleasure in presenting the 41st Annual Report together with Audited Financial Statements for the Year ended 31st March, 2019.

CORPORATE AFFAIRS & FINANCIAL HIGHLIGHTS

Financial Highlights

(Rs. in Mn)

Particulars	Year Ended 2018-19	Year Ended 2017-18
Income	21,297.67	16,716.82
Profit Before Interest, Depreciation and Tax	7,918.76	5,838.94
Finance cost	35.60	41.25
Profit Before Depreciation and Tax	7,883.16	5,797.69
Depreciation	819.59	782.08
Profit Before Exceptional Items and Tax	7,063.57	5,015.61
Exceptional Items	200.00	-
Profit Before Tax	6,863.57	5,015.61
Provision for Taxation		
Current Tax	2,212.26	1,694.59
Deferred Tax Liability	119.99	106.33
Taxes for earlier years	12.25	3.54
Profit After Tax	4,519.07	3,211.14
Less : Total other Comprehensive Income / (Loss) for the year, net of tax	(2.16)	(5.03)
Total Comprehensive Income for the year, net of tax	4,516.91	3,206.11
Earnings Per Share (Rs.)		
Basic	291.65	212.37
Diluted	291.65	207.24

Extract of the Annual Return [Section 134(3)(a)]

The extract of the Annual Return in Form MGT-9 in terms of Section 92 of the Companies Act, 2013 and the Rules made thereunder is annexed as **Annexure A** to this Report.

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

During the year under review, the Board of Directors met 4 times on 14th May, 2018; 21st August, 2018; 20th November, 2018 and 20th March, 2019.

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

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

- in preparation of the annual accounts for the year ended 31st March, 2019; the applicable accounting

standards have been followed along with proper explanations relating to material departures, if any.

- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the profit of the Company for the year ended on that date.
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- they have prepared the annual accounts on a going concern basis.
- they have laid down proper internal financial controls to be followed by the Company and they were adequate and operating effectively and
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

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

All the Independent Directors of the Company have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013. A Statement on the criteria for determining the Independence of Directors is annexed as **Annexure B** to this Report.

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

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

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

Further the Nomination and Remuneration Committee also,

while recommending and appointing independent Directors will evaluate the following:

- their qualification,
- credentials, past experience in the fields of finance, management, technology, taxation and other related fields
- expertise in similar industry
- confirmation from the Internal Auditors that there is no pecuniary relationship with the Company or other parties in terms of Section 149(6) of the Companies Act, 2013.

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

The Independent Auditor's Report given by M/s. S.R. Batliboi & Associates, L.L.P, Statutory Auditors of the Company does not contain any qualifications, reservation or adverse remarks.

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

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

During the year under review, the Company did not extend any Loans or Guarantees and did not make any investments as covered under the provisions of Section 186 of the Companies Act, 2013.

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

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

The details of the Related Party transactions were provided in **Annexure C** to this Report.

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

Research and Development

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

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

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

Performance and Operations Review

During the year, the gross income of the Company was Rs.21,297.67 Mn as against Rs. 16,716.82 Mn during the previous year reflecting a growth of 27.40%.

Exports

Exports contribution to the revenue of the Company is approximately 84%. Your Company exports to almost 50 countries across 6 continents. During the year, the Company has achieved an export turnover of Rs.16,563.43 Mn and Export incentives of Rs. 510.56 Mn.

Domestic Operations

The Domestic sales during the year 2018-19 amounts to Rs. 3,368.04 Mn. Domestic sales include Co-Marketing, which is a major revenue source for your Company in Domestic segment.

Taxation

The Company has made an Income Tax provision of Rs.2,212.26 Mn for the period under review as against Rs. 1,694.59 Mn for the previous year. An amount of Rs.119.99 Mn has been provided towards Deferred Tax Liability for the year as required under Accounting Standard-22 relating to "Accounting for Taxes on Income". Deferred Tax Liability provision for the previous year was Rs. 106.34 Mn.

Borrowings

The Company has repaid all its outstanding working capital loans and Term Loans and the Company has no outstanding borrowings as on date of this Report.

Capital Expenditure

During the year under review, the Company has incurred capital expenditure of Rs.1,686.47 Mn at its manufacturing facilities at Dundigal, Pashamylaram, VSEZ and Pharmacy.

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

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

Dividends [Section 134(3)(k)]

The Board of Directors did not recommend dividend for this year.

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

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

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

Particulars as required under Section 134(3)(m) of the Companies Act, 2013 are annexed as **Annexure-D** to this Report.

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

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

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

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

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

Change in the nature of business [Rule 8(5)(ii) of Companies (Accounts) Rules, 2014]

There was no change in the nature of the business of the Company during the financial year under review.

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

Directors

- (i) During the year under review, Mr. P.V.N. Raju, Honorary Chairman resigned as Director with effect from 20th November, 2018.
- (ii) On 20th November, 2018; Mr. Chavali Satyanarayana Murthy (CSN Murthy) was appointed as Additional Director by the Board and designated as Independent Director. The Members of the Company in their Extraordinary General Meeting held on 24th May, 2019 appointed Mr. CSN Murthy as Director (change in designation from Additional Director to Director) and Independent Director for a period of five years with effect from 20th November, 2018.
- (iii) Mr. Udo J Vetter was designated as Non-Independent Non-Executive Director, with effect from 20th November, 2018.

Changes post 31st March, 2019

After the completion of the year under review, but as on the date of this report; the following are the changes made in the constitution of the Board of Directors of the Company.

- (iv) Dr. Ravi Penmetsa discontinued his services as the CEO & Managing Director with effect from 25th April, 2019.
- (v) On 25th April, 2019; Mr. Srinivas Sadu was appointed as additional Director and designated as the CEO & Managing Director. The Members of the Company in their Extraordinary General Meeting held on 24th May, 2019 appointed Mr. Srinivas Sadu as Director (change in designation from Additional Director to Director) and CEO & Managing Director for a period of three years with effect from 25th April, 2019.
- (vi) Mr. Wu Yifang resigned as Director with effect from 10th June, 2019.
- (vii) On 10th June, 2019; Mr. Yui Kwan Stanley Lau has been appointed as Additional Director and designated as Independent Director by the Board of Directors. The Members of the Company in their Extraordinary General Meeting held on 8th July, 2019 appointed Mr. Yui Kwan Stanley Lau as Director (change in designation from Additional Director to Director) and Independent Director for a period of five years with effect from 10th June, 2019.

As per the provisions of Section 152 of the Companies Act, 2013 read with Articles of Association of the Company; Ms. Guan Xiaohui, Director and Mr. Li Dongming, Director are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

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

The Company does not have any subsidiaries or Associates as defined in the Companies Act, 2013 during the Financial Year under review.

However, Gland Pharma Limited is a subsidiary of Fosun Pharma Industrial Pte Ltd, a Singapore Company, which holds 74% of shareholding in Gland Pharma Limited.

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

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

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

No orders were passed by the regulators or courts or tribunals impacting the 'going concern' status and the future operations of the Company.

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

The Company appointed M/s. Y. Raghuram & Co., Chartered Accountants as Internal Auditors of the Company. The Company has adequate financial controls at every level to check and control any defects and frauds in the Company.

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

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

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

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

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

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

The Company, as required under Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014; has established a Vigil Mechanism for their Directors and employees to report their genuine concerns or grievances.

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

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

Auditors

Statutory Auditors

M/s. S.R. Batliboi & Associates, L.L.P., Chartered Accountants, Hyderabad were appointed as Statutory

Auditors of the Company to hold office from the conclusion of the 40th Annual General Meeting to the conclusion of the Annual General Meeting for the financial year 2022-23.

Secretarial Auditors

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

Particulars of Employees

In terms of the provisions of Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014; a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said Rules is annexed as **Annexure-G** to this Report.

Committees of the Board of Directors

a) Audit Committee [Section 177]

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

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

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

During the year under review, the Audit Committee met on 21st August, 2018; 20th November, 2018 and 20th March, 2019.

Composition and attendance of Audit Committee

Name of the Director	Position	Category	No. of Meetings attended
Mr. Moheb Ali	Chairman	Independent Director	3
Ms. Guan Xiaohui	Member	Non-Executive Director	2
Mr. Udo J Vetter (upto 20 th November, 2018)	Member	Independent Director	1
Mr. CSN Murthy (w.e.f 20 th November, 2018)	Member	Independent Director	1

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

b) Nomination and Remuneration Committee [Section 178]

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

During the year under review, the Nomination and Remuneration Committee met on 20th November, 2018.

Composition and attendance of Nomination and Remuneration Committee

Name of the Director	Position	Category	No. of Meetings attended
Mr. Moheb Ali (Chairman w.e.f. 7 th Feb, 2018)	Chairman	Independent Director	1
Mr. P.V.N. Raju (resigned w.e.f. 20 th Nov, 2018)	Member	Chairman (Whole-time Director)	-
Mr. Wu Yifang	Member	Non-Executive Director	1
Mr. Udo J. Vetter	Member	Independent Director	1
Mr. C.S.N. Murthy (appointed w.e.f. 20 th Nov, 2018)	Member	Independent Director	-

Mr. Peng Yiran, Director & CFO of the Company is the Special invitee to every Nomination and Remuneration Committee Meeting.

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

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

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

During the year under review, the Corporate Social Responsibility Committee met on 21st August, 2018.

Composition and attendance of Corporate Social Responsibility Committee

Name of the Director	Position	Category	No. of Meetings attended
Dr. Ravi Penmetsa	Chairman	CEO & Managing Director	1
Mr. Moheb Ali	Member	Independent Director	1
Mr. Peng Yiran	Member	Director & CFO	1

Details of remuneration to Executive Directors

(Rs. in 000's)

Name of the Director	Salary	Commission	PF	Perquisites	Others	Total
Mr. P. V. N. Raju	3,470	-	-	255	-	3,725
Dr. Ravi Penmetsa	27,990	69,971	1,080	750	200,000	299,791

Non-Executive Directors

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

Corporate Governance

A separate report on Corporate Governance is included as part of the Annual Report.

Human Relations

The Company continues to have cordial and harmonious relationship with its employees.

Acknowledgements

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

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

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

For and on behalf of the Board

Srinivas Sadu
Managing Director & CEO
DIN: 06900659

Yiran Peng
Director & CFO
DIN: 07675475

Place: Hyderabad
Date: 29-Aug-2019

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ANNEXURE – A (TO THE DIRECTORS' REPORT)

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on financial year ended 31st March, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other details:

i) CIN:	U24239TG1978PLC002276
ii) Registration Date	20-03-1978
iii) Name of the Company	Gland Pharma Ltd
iv) Category / Sub-Category of the Company	Company limited by Shares Indian Non-Government Company
v) Address of the Registered office and contact details	Sy. No. 143 - 148, 150 & 151, Near Gandimaisamma 'X' Roads, D.P. Pally, Dundigal, Dundigal-Gandimaisamma (M), Medchal - Malkajgiri Dist, Hyderabad - 500 043
vi) Whether listed company (Y/N)	Unlisted
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Bigshare Services Pvt. Ltd. 306, 3 rd Floor, Right Wing, Amrutha Ville, Opp. Yashoda Hospital, Raj Bhavan Road, Somajiguda, Hyderabad - 500 082. Ph: 040-23374967 e-mail: bsshyd@bigshareonline.com. Website: bigshareonline.com

II. Principal business activities of the company

Business activities contributing 10% or more of the total turnover of the company are:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Pharmaceuticals	21002 and 21001	100%

III. Particulars of holding, subsidiary and associate companies

S. No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares Held	Applicable Section
1.	Fosun Pharma Industrial Pte. Ltd.	-	Holding Company	74%	

IV. Share holding pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-								-
c) State Govt(s)	-								-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-								-
f) Any Other-Discretionary Trusts	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	-	-	-	-	-	-	-	-
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.*	10,523,758	942,504	11,466,262	74.00	10,523,758	942,504	11,466,262	74.00	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter									
(A) =(A)(1)+(A)(2)	10,523,758	942,504	11,466,262	74.00	10,523,758	942,504	11,466,262	74.00	

*Fosun Pharma Industrial Pte. Ltd acquired 74% of the shareholding of the Company and as the control of the Board and Company is vested by it, it is considered as Promoter of the Company.



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	2,009,487	600,000	2,609,487	16.84	2,009,487	600,000	2,609,487	16.84	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	7,500	7,500	0.05	-	7,500	7,500	0.05	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others Discretionary Trusts	1,411,700	-	1,411,700	9.11	1,411,700	-	1,411,700	9.11	-
Sub-total (B)(2):-	3,421,187	607,500	4,028,687	26.0	3,421,187	607,500	4,028,687	26.0	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	3,421,187	607,500	4,028,687	26.0	3,421,187	607,500	4,028,687	26.0	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	13,944,945	1,550,004	15,494,949	100	13,944,945	1,550,004	15,494,949	100	-

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(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Share holding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Fosun Pharma Industrial Pte. Ltd	11,466,258	74.00	-	11,466,258	74.00	-	-
2.	Lustrous Star Ltd (holding shares for the beneficial interest of Fosun Pharma Industrial Pte. Ltd)	01	0.0	-	01	0.0	-	-
3.	Regal Gesture Limited (holding shares for the beneficial interest of Fosun Pharma Industrial Pte. Ltd)	01	0.0	-	01	0.0	-	-
4.	Ample Up Ltd (holding shares for the beneficial interest of Fosun Pharma Industrial Pte. Ltd)	01	0.0	-	01	0.0	-	-
5.	Fosun Industrial Co. Ltd (holding shares for the beneficial interest of Fosun Pharma Industrial Pte. Ltd)	01	0.0	-	01	0.0	-	-

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

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

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
1.	Gland Celsus Bio-Chemicals Private Limited	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	2,009,487	12.97%	2,009,487	12.97%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	No change in shareholding			
	At the End of the year (or on the date of separation, If separated during the year)	-	-	2,009,487	12.97%
2.	RP Advisory Services Private Limited (holding shares for the beneficial interest of Empower Discretionary Trust)	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	786,700	5.08%	786,700	5.08%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	No change in shareholding			
	At the End of the year (or on the date of separation, If separated during the year)	-	-	786,700	5.08%



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Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
3.	RP Advisory Services Private Limited (holding shares for the beneficial interest of Nilay Discretionary Trust)	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	375,000	2.42%	375,000	2.42%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	No change in shareholding			
	At the End of the year (or on the date of separation, If separated during the year)	-	-	375,000	2.42%

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
4.	Mr. B. Narasimha Rao (holding shares for the beneficial interest of Rivendell Discretionary Trust)	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	100,000	0.65%	100,000	0.65%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	No change in shareholding			
	At the End of the year (or on the date of separation, If separated during the year)	-	-	100,000	0.65%

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
5.	RP Advisory Services Private Limited (holding shares for the beneficial interest of Odin Discretionary Trust)	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	150,000	0.97%	150,000	0.97%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	No change in shareholding			
	At the End of the year (or on the date of separation, If separated during the year)	-	-	150,000	0.97%

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
6.	Jeshta Farms Private Limited	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	60,000	0.39%	60,000	0.39%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	No change in shareholding			
	At the End of the year (or on the date of separation, If separated during the year)	-	-	60,000	0.39%

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Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
7.	Satabisha Agro Pvt Ltd	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	60,000	0.39%	60,000	0.39%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	No change in shareholding			
	At the End of the year (or on the date of separation, If separated during the year)	-	-	60,000	0.39%

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
8.	Sravana Agro Pvt Ltd	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	60,000	0.39%	60,000	0.39%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	No change in shareholding			
	At the End of the year (or on the date of separation, If separated during the year)	-	-	60,000	0.39%

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
9.	Rohini Bio-Tech Pvt Ltd	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	60,000	0.39%	60,000	0.39%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	No change in shareholding			
	At the End of the year (or on the date of separation, If separated during the year)	-	-	60,000	0.39%

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
10.	Chitta Farms Pvt Ltd	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	60,000	0.39%	60,000	0.39%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	No change in shareholding			
	At the End of the year (or on the date of separation, If separated during the year)	-	-	60,000	0.39%



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Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
11.	Punarvasu Bio-tech Pvt Ltd	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	60,000	0.39%	60,000	0.39%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	No change in shareholding			
	At the End of the year (or on the date of separation, If separated during the year)	-	-	60,000	0.39%

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
12.	Hastha Agro Pvt Ltd	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	60,000	0.39%	60,000	0.39%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	No change in shareholding			
	At the End of the year (or on the date of separation, If separated during the year)	-	-	60,000	0.39%

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
13.	Hansagiri Greenlands Pvt Ltd	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	60,000	0.39%	60,000	0.39%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	No change in shareholding			
	At the End of the year (or on the date of separation, If separated during the year)	-	-	60,000	0.39%

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
14.	Vishnupadi Greenlands Pvt Ltd	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	60,000	0.39%	60,000	0.39%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	No change in shareholding			
	At the End of the year (or on the date of separation, If separated during the year)	-	-	60,000	0.39%

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Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
15.	Arunagiri Agro Farms Pvt Ltd	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	60,000	0.39%	60,000	0.39%
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	No change in shareholding			
	At the End of the year (or on the date of separation, If separated during the year)	-	-	60,000	0.39%

(iv) Shareholding of Directors: (Mention for each Director)

Sl. No.	Name of the Director	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
1.	Mr. P.V.N. Raju (up to 20.11.2018)	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	No change in shareholding			
	At the End of the year (upto 20.11.2018)	-	-	-	-

Sl. No.	Name of the Director	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
2.	Dr. Ravi Penmetsa	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	No change in shareholding			
	At the End of the year	-	-	-	-

Sl. No.	Name of the Director	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
3.	Mr. Udo J. Vetter	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	No change in shareholding			
	At the End of the year	-	-	-	-



Sl. No.	Name of the Director	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
4.	Mr. Chen Qiyu	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	No change in shareholding			
	At the End of the year	-	-	-	-

Sl. No.	Name of the Director	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
5.	Mr. Moheb Masthan Ali	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	No change in shareholding			
	At the End of the year	-	-	-	-

Sl. No.	Name of the Director	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
6.	Mr. Wu Yifang	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	No change in shareholding			
	At the End of the year	-	-	-	-

Sl. No.	Name of the Director	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
7.	Mrs. Guan Xiahoui	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	No change in shareholding			
	At the End of the year	-	-	-	-

Sl. No.	Name of the Director	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
8.	Mr. Peng Yiran	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	No change in shareholding			
	At the End of the year	-	-	-	-

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Sl. No.	Name of the Director	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
9.	Mr. Li Dongming	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	No change in shareholding			
	At the End of the year	-	-	-	-

Sl. No.	Name of the Director	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
10.	Mr. C. Satynarayana Murthy (w.e.f. 20th Nov, 2018)	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year (20-11-2018)	-	-	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity, etc)	No change in shareholding			
	At the End of the year	-	-	-	-

V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payments

	Secured Loans Excluding deposits	Unsecured Loans	Trade Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	59,155,479	5,570,000	64,725,479
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	59,155,479	5,570,000	64,725,479
Change in Indebtedness during the financial year				
• Addition	-	-	600,000	-
• Reduction	-	(4,256,827)	-	(3,656,827)
Net Change	-	(4,256,827)	600,000	(3,656,827)
Indebtedness at the end of the financial year				
i) Principal Amount	-	54,898,652	6,170,000	61,068,652
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	54,898,652	6,170,000	61,068,652

VI. Remuneration of directors
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(in INR 000's)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Mr. P.V.N. Raju	Dr. Ravi Penmetsa	
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3,470	27,990	31,460
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	255	750	1,005
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify...	-	69,971	69,971
5.	Others, please specify (PF) Employee separation compensation	- -	1,080 200,000	1,080 200,000
	Total (A)	3,725	299,791	303,516
	Ceiling as per Companies Act, 2013			7,15,034

B. Remuneration to other directors:

(in INR)

Sl. No.	Name of the director	Particulars of remuneration			Total amount
		Sitting fees	Commission	Others	
1.	Independent directors				
	(i) Mr. Moheb Masthan Ali	300,000	-	-	300,000
	(ii) Mr. C.S.N. Murthy	100,000	-	-	100,000
	Total (1)	400,000	-	-	400,000
2.	Other Non-Executive Directors				
	(i) Mr. Udo J. Vetter	-	-	-	-
	(ii) Mr. Chen Qiyu	-	-	-	-
	(iii) Mr. Wu Yifang	-	-	-	-
	(iv) Mr. Li Dongming	-	-	-	-
	(v) Ms. Guan Xiahoui	-	-	-	-
	Total (2)	-	-	-	-
	Total (B) = (1+2)	400,000	-	-	400,000

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C. Remuneration to Key Managerial Personnel other than Managing Director/ Whole-time director/Manager:

(in INR 000's)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total amount
		CEO	Company Secretary	CFO*	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	2,698	-	2,698
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify.....	-	-	-	-
5.	Others, please specify (PF)-	-	139	-	139
	Total	-	2,837	-	2,837

* The salary for the CFO would be paid by the holding Company.

VII. Penalties / punishment/ compounding of offences

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. Company					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. Directors					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. Other officers in default					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board

Srinivas Sadu

Managing Director & CEO
DIN: 06900659

Place: Hyderabad
Date: 29-Aug-2019

Yiran Peng

Director & CFO
DIN: 07675475

**ANNEXURE – B (TO THE DIRECTORS' REPORT)****Criteria for determining the Independence of a Director****1. Definition of Independence:**

A director will be considered as an "independent director" if the person meets with the criteria for 'independent director' as laid down in the Companies Act, 2013 ('Act'), which is as follows:

"An independent director in relation to a company, means a Director other than a Managing Director or a Whole-time Director or a Nominee Director-

- (a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- (b) (i) who is or was not a promoter of the Company or its holding, subsidiary or associate company;
- (ii) who is not related to promoters or directors in the Company, its holding, subsidiary or associate company;
- (c) who has or had no pecuniary relationship, other than remuneration as such director or having transaction not exceeding ten percent of his total income or such amount as may be prescribed with the Company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- (d) none of whose relatives (i) is holding any security of or interest in the Company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year; Provided that the relative may hold security or interest in the Company of face value not exceeding Rs. 50 Lakhs or two percent of the paid-up capital of the Company, its holding, subsidiary or associate company or such higher sums as may be prescribed; (ii) is indebted to the Company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amounts as may be prescribed during the two immediately preceding financial years or during the current financial year; (iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the Company, its Holding, subsidiary or associate company or their promoters, or directors of such holding Company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or (iv) has any other pecuniary transaction or relationship with the Company or its subsidiary or its Holding or Associate

Company amounting to two percent or more of its Gross turnover or total income singly or in combination with the transactions referred to in subclause (i), (ii) or (iii).

- (e) who, neither himself nor any of his relatives-
 - (i) holds or has held the position of a key managerial personnel or is or has been employee of the Company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years.
 - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of-
 - (A) a firm of auditors or company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate company; or
 - (B) any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
 - (iii) holds together with his relatives two per cent or more of the total voting power of the Company; or
 - (iv) is a Chief Executive or Director, by whatever name called, of any nonprofit organisation that receives twenty-five per cent or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the Company, or
- (f) who possess such other qualifications as may be prescribed.

2. Qualifications of Directors

The Board of Directors of the Company did not prescribe any specific qualifications for an individual to be appointed as a Director of the Company. However, while nominating an individual as a Director of the Company, the Board shall ensure that-

- a) a transparent Board nomination process is in place that encourages diversity of thought, experience, knowledge, perspective, age and gender.
- b) The Board of Directors shall have an appropriate blend of functional and industry expertise.
- c) The function and domain expertise of the individual contributes to the overall skill-domain mix of the Board of Directors.
- d) Independent Directors ("ID") ideally should be thought/ practice leaders in their respective functions/ domains.

3. Positive attributes of Directors

Directors are expected to comply with duties as provided in the Companies Act, 2013 ('Act'). For reference, the duties of the Directors as provided by the Act are as follows:

- a) act in accordance with the Articles of the Company.
- b) act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the Company, its employees, the shareholders, the community and for the protection of environment.
- c) exercise duties with due and reasonable care, skill and diligence and exercise independent judgment.
- d) not be involved in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- e) not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates.
- f) not assign his office.

Independent Directors are also expected to abide by the 'Code for Independent Directors' as outlined in Schedule IV to section 149(8) of the Act. The Code specifies the guidelines of professional conduct, role and function and duties of Independent Directors. The guidelines of

professional conduct specified in the Code are as follows:

"An independent director shall:

- a) uphold ethical standards of integrity and probity;
- b) act objectively and constructively while exercising his duties;
- c) exercise his responsibilities in a bona fide manner in the interest of the Company;
- d) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- e) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- f) not abuse his position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- g) refrain from any action that would lead to loss of his independence;
- h) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- i) assist the company in implementing the best corporate governance practices."

For and on behalf of the Board

Srinivas Sadu

Managing Director & CEO
DIN: 06900659

Place: Hyderabad
Date: 29-Aug-2019

Yiran Peng

Director & CFO
DIN: 07675475



ANNEXURE – C (TO THE DIRECTORS' REPORT)

Form No. AOC-2

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

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in Sub Section(1) of section 188 of the Companies Act,2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis		
(a)	Name(s) of the related party and nature of relationship	NIL
(b)	Nature of contracts/arrangements/transactions	NIL
(c)	Duration of the contracts /arrangements/transactions	N.A
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	N.A
(e)	Justification for entering into such contracts or arrangements or transactions	N.A
(f)	Date(s) of approval by the Board	N.A
(g)	Amount paid as advances, if any	N.A
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	N.A

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

(a) Salient terms of the contracts or arrangements or transactions including the value, if any:

Sl. No	Name of Related Party	Nature of contracts/ arrangements/ transactions	Duration of contracts/ arrangements/ transactions	Value of contracts/ arrangements/ transactions (Rs.)
1.	Dhananjaya Properties LLP	Rent Payment	-	2,602,326
2.	Sasikala Properties LLP	Rent Payment	-	855,517
3.	Sri. P.V.N. Raju	Rent Payment	-	16,981
4.	Mrs. K. Jhansi Lakshmi	Rent Payment	-	855,517
5.	Smt. P. Suryakantham	Rent Payment	-	16,981
6.	Gland Chemicals Private Limited	Purchase of raw materials	-	670,098,109
		Sale of Goods	-	7,415,436
7.	Jiangsu Wanbang Biopharmaceuticals	Purchase of raw materials	-	240,094,000
		Sale of services	-	6,096,125
8.	Fosun Pharma USA Inc.,USA	Reimbursement of expenses	-	36,088,175
9.	Shanghai Fosun Pharmaceutical Industrial Development Co.,Ltd.	Sale of services	-	7,176,750

(b) Date(s) of approval by the Board, if any: Not applicable

(c) Amount paid as advances, if any: NIL

*N.A- Not Applicable

For and on behalf of the Board

Srinivas Sadu

Managing Director & CEO

DIN: 06900659

Yiran Peng

Director & CFO

DIN: 07675475

Place: Hyderabad

Date: 29-Aug-2019

ANNUAL REPORT 2018-2019

ANNEXURE – D (TO THE DIRECTORS' REPORT)

Information pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014.

A. Conservation of Energy

The Company has been taking adequate measures to reduce energy consumption at all levels. The details of consumption of electrical energy are given below:

POWER AND FUEL CONSUMPTION	2018-19	2017-18
a) Electricity		
Units purchased	75,789,537	67,315,101
Total Amount In Rupees	482,022,572	410,340,083
Unit Rate in Rupees	6.36	6.10
b) Own generation through Diesel Generators:		
Units	861,582	1,062,866
Units per litre of Diesel Oil	3.73	3.82
Cost per Unit in Rs.	18.32	12.09

Steps taken by the Company for utilizing alternate sources of energy:

No alternative source of energy was used during the period under review.

Capital investment on energy conservation equipment: Nil

Consumption per unit of production:

Products	Since the Company manufactures different types of Formulations and Active Pharmaceutical Ingredients, it is not practicable to give consumption per unit of production.
Electricity (Units)	
Coal (D/C Grade)	
Others (Specify)	

B. Technology absorption

RESEARCH AND DEVELOPMENT (R&D):

1. Specific areas in which R&D is carried out by the Company.	Formulation Development, Analytical Method Development, Stability studies and Development of new products.	
2. Benefits derived as a result of the above R&D	Developed new products and achieved cost and process efficiencies on existing products.	
3. Future plan of action	To develop processes for newer products and intermediates.	
4. Expenditure on R&D	2018-19 (Rs. in Mn)	2017-18 (Rs. in Mn)
a) Capital	85.58	43.89
b) Recurring	880.23	570.06
c) Total	965.79	613.95
d) Total R&D Expenditure as a Percentage of Sales	4.72%	3.78%

Technology absorption, adaptation and innovation:

1. Efforts in brief, made towards technology absorption and adoption.	Works on Basic Drugs and Formulations related to the Company's existing activities at various levels of Development.
2. Benefits derived as a result of the above efforts.	Developed new products and achieved cost and process efficiencies on existing products.
3. Information regarding import of technology during the last 3 years.	NIL

Particulars of Foreign Exchange Earnings and Outgo

(Amount in Rs.)

PARTICULARS	2018-19	2017-18
1. Foreign Exchange Earnings:		
In USD	236,932,524	205,836,006
In EURO	1,126,719	933,553
Equivalent In INR	16,518,639,809	13,172,130,618
2. Foreign Exchange Outgo:		
Capital Expenditure		
In USD	2,472,175	1,651,392
In EURO	2,177,099	1,386,534
Equivalent In INR	352,310,912	219,243,761
Revenue Expenditure		
In USD	118,201,667	75,115,276
In EURO	10,079,392	7,298,596
Equivalent In INR	9,230,508,520	5,457,794,692
Payment to Financial Institutions	-	-

For and on behalf of the Board

Srinivas Sadu

Managing Director & CEO
DIN: 06900659

Yiran Peng

Director & CFO
DIN: 07675475

Place: Hyderabad
Date: 29-Aug-2019



ANNEXURE – E (TO THE DIRECTORS' REPORT)

ANNUAL REPORT ON CSR ACTIVITIES

A brief outline of the Company's CSR policy, including an overview of projects or programmes proposed to be undertaken by the Company

1. Overview :

(i) Outline of CSR policy

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

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

The Objective of the Gland CSR Policy is to:

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

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

Gland follows a project based accountability approach to assess the sustainability of the project through its action plan to qualify as 'short-term' and 'long-term' initiatives. To ensure effective implementation of the CSR programs undertaken, a monitoring mechanism will be put in place at the Head Office. The progress of CSR programs under implementation at various locations will be reported to Head Office on a monthly basis and the Head Office will report to the Committee on a quarterly basis.

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

(ii) CSR projects:

The CSR Committee is considering various options to identify the CSR projects to be undertaken by the Company. The various CSR activities that have been considered by the Committee to be taken up in villages in and around the Manufacturing Plants of the Company include (i) Safe Drinking Water facility (ii) Street Lighting (iii) Construction of Toilets in Schools, especially for girls (iv) Facilitating

monetary assistance for education of girls (v) Providing furniture to Government Schools, (vi) Desilting and Maintenance of Tanks and Lakes and conservation of water bodies, etc.

During the financial year 2018-19, the Company has contributed Rs. 15.70 Lakhs for construction and maintenance of Hospitals, Rural Development and conservation of wild life.

2. Composition of CSR Committee :

The CSR Committee of the Board of Directors of the Company comprises (i) Dr. Ravi Penmetsa, Managing Director & CEO (till 25th April, 2019) (ii) Mr. Moheb Ali, Independent Director and (iii) Mr. Peng Yiran, Director & CFO. Mr. Srinivas Sadu became Member of the Committee w.e.f. 25th April, 2019.

Average Net Profit of the Company for last three financial years : Rs. 513.16 crores

3. Prescribed CSR Expenditure for Financial year 2018-19 (2% of the amount as in item 3 above): Rs. 10.26 crores

4. Details of CSR Spending during the financial year:

- (a) Total amount to be spent during the Financial year : Rs.10.26 crores
- (b) Amount unspent, if any: Rs.10.11 crores (Amount unspent as on 31st March, 2019 : Rs. 34.49 crores)
- (c) Manner in which the amount was spent during the financial year : The Company has contributed Rs. 12.53 Lakhs for construction and maintenance of Hospitals for the economically backward people. An amount of Rs. 2.67 Lakhs were spent on Rural Development Projects (Borewells in villages) and an amount of Rs. 0.5 Lakhs was spent for conservation of wild life.

5. In case the Company has failed to spend the 2% of the average net profit of the last three financial years or any part thereof, reasons for not spending the amount:

The Company has proposed to incorporate a Charitable Trust by name 'Gland Fosun Foundation' to carry on with the activities of Corporate Social Responsibility. The Company has adopted a Government School and is providing infrastructure and also sponsoring teachers as there is a shortage in number of teachers.

The Company is making efforts to identify various other projects for spending the amount unspent.

6. Responsibility Statement of CSR Committee of Board:

The CSR Committee of the Company's Board states that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.

For and on behalf of the Board

Srinivas Sadu
Managing Director & CEO
DIN: 06900659

Yiran Peng
Director & CFO
DIN: 07675475

Place: Hyderabad
Date: 29-Aug-2019

ANNEXURE – F (TO THE DIRECTORS' REPORT) Form No. MR-3

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019

To,
The Members,
Gland Pharma Limited

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

Based on our verification of the Company's books, papers, minute books, forms, returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has during the audit period covering the financial year ended on **31st March, 2019** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company and relied on the information provided by the management and its officers for the financial year ended on 31st March, 2019 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made there under;
- II. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- III. Foreign Exchange Management Act, 1999 and Rules and Regulations made thereunder to the extent of Foreign Direct Investment.
- IV. The Company has identified the following Industry specific laws which are applicable to them:
 - i. The Drugs and Cosmetics Act, 1940;
 - ii. The Air (Prevention and Control of Pollution) Act, 1981;
 - iii. The Water (Prevention and Control of Pollution) Act, 1974;
 - iv. The Environment Protection Act, 1986;

- v. The Public Liability Insurance Act, 1991;
- vi. The Petroleum Act, 1934;
- vii. The Indian Electricity Act, 2003;
- viii. The Special Economic Zones Act, 2005;

We have also examined compliance with the applicable clauses of Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI) which the company is in the process of adopting.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

However, we were informed by the Management that the No-objection Certificate from the Fire Department for Unit-2 located in Visakhapatnam Special Economic Zone is under process and would be obtained soon.

We further report that

The Board of Directors of the Company was 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 was given to all directors for convening the Board/ Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and through shorter notice for some of the board and committee meetings, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the period under review, resolutions were carried through majority decisions. As confirmed by the Management, there were no dissenting views expressed by any of the members on any business transacted at the meetings held during the period under review.

Based on the information, documents provided and the representations made by the Company, its officers during our audit process and also on review of the compliance reports of the management and the respective heads taken on record by the Board of Directors of the Company periodically, in our opinion, there are adequate systems



GLAND PHARMA LIMITED

and processes exists in the Company to commensurate with the size and operations of the Company, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

The compliance by the Company of the applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed by us since the same have been subject to review by statutory auditors and other professionals.

We further report that following were the major events during the audit period:

- a. M/s. S. R. Batliboi & Associates L.L.P., Chartered Accountants, Hyderabad were appointed in the AGM held on 17th September, 2018 as Statutory Auditors of the Company for a period of 5 years i.e., from F.Y. 2018-19 to FY 2022-23
- b. Appointment of Mr. Satyanarayana Murthy Chavali as an Additional Director of the Company w.e.f. 20th November, 2018

- c. Cessation of Mr. Venkata Narasimha Raju Penmetsa as Whole time director of the Company w.e.f. 20th November, 2018.
- d. Change in category of Directorship of Mr. Udo Johannes Vetter from Independent Director to Non-Independent Non-Executive Director.

For BS & Company Company Secretaries LLP

Date: 26.08.2019

Place: Hyderabad

K.V.S.Subramanyam

Designated Partner

FCS No.: 5400

C P No.: 4815

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

ANNUAL REPORT 2018-2019

ANNEXURE

To
The Members,
Gland Pharma Limited
Hyderabad

Our report of even date is to be read along with this letter:

Maintenance of Secretarial records is the responsibility of the Management of the Company. Our responsibility is to express as opinion on these secretarial records based on our audit.

We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

Wherever required, we have obtained the Management representation about the compliance of applicable laws, rules and regulations, etc.

The compliance of the provisions of Companies Act, 2013 and other applicable laws, Rules, Regulations, secretarial standards issued by ICSI is the responsibility of the Management. Our examination was limited to the verification of procedures on test basis.

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.

We further report that, based on the information provided by the Company, its officers, authorized representatives during the conduct of the audit and also on the review of quarterly compliance report by the management and the respective heads taken on record by the Board of the Company, in our opinion adequate systems and process and control mechanism exist in the Company to monitor compliance with applicable general laws like labour laws & Environment Laws and Data protection policy.

We further report that the compliance by the Company of applicable fiscal laws like Direct & Indirect tax laws have not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals.

For BS & Company Company Secretaries LLP

Date: 26.08.2019
Place: Hyderabad

K.V.S.Subramanyam
Designated Partner
FCS No.: 5400
C P No.: 4815



GLAND PHARMA LIMITED

ANNEXURE – G (TO THE DIRECTORS' REPORT)

*Information pursuant to Rule 5(2) and 5(3) of
The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014*

Name	Dr. Ravi Penmetsa	Mr. Srinivas Sadu	Mr. K.V.G.K. Raju	Mr. C. Venkatesan
Designation	CEO & Managing Director	COO	CTO	Vice-President (R&D)
Gross Remuneration	Rs. 299.79 Million*	Rs. 22.73 Million	Rs. 14.54 Million	Rs. 11.35 Million
Nature of Employment	Agreement with Company	No specific contract	No specific contract	No specific contract
Qualifications	M.D	M.S (Industrial Pharmacy) & MBA	M.Sc	M. Sc., Ph. D
Experience	26 years	23 Years	44 years	27 Years
Age	62 years	49 years	68 years	49 years
Date of commencement of employment with Company	21-10-1992	01-08-2000	01-04-1992	05-10-1998
Previous Employments	Medical Practitioner in U.S.	Natco Pharma Limited	Akhil Pharma Aristo Pharma	Sun Pharmaceuticals Limited
Percentage of equity shares held by the employee in the Company directly by himself	NIL	NIL	NIL	NIL
Name of the Director who is a relative	Mr. P.V.N. Raju (Father)	-	-	-

Note: Remuneration include salary, allowances, Company's contribution to Provident Fund, Commission and perquisites
*includes Rs. 200 Mn towards Employee separation Compensation.

For and on behalf of the Board

Srinivas Sadu
Managing Director & CEO
DIN: 06900659

Yiran Peng
Director & CFO
DIN: 07675475

Place: Hyderabad
Date: 29-Aug-2019

CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance

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

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

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

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

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

Board of Directors

Composition

As on 31st March, 2019; The Board of Directors consists of Nine Directors, consisting of One Executive Director, Six Non-Executive Directors and two Independent Directors.

The Board is classified broadly as follows:

Sl. No.	Name of the Director	Status	Category
1	Mr. Chen Qiyu	Chairman	Non-Executive Director
2	Dr. Ravi Penmetsa	CEO & Managing Director	Promoter & Executive Director
3	Mr. Peng Yiran	Director & CFO	Non-Executive Director
4	Mr. Wu Yifang	Director	Non-Executive Director

5	Mr. Dongming Li	Director	Non-Executive Director
6	Ms. Guan Xiaohui	Director	Non-Executive Director
7	Mr. Udo J. Vetter	Director	Non-Executive Director
8	Mr. Moheb Ali	Director	Independent Director
9	Mr. C. Satyanarayana Murthy	Additional Director	Independent Director

Board Meetings & Procedures

The Board meets at least four times in a year at quarterly intervals and more frequently if deemed necessary, to transact its business. Information and data that are important to the Board's understanding of the business in general and relating to matters are tabled for discussion. The Agenda and relevant enclosures are distributed to the members of the Board sufficiently in advance of the meeting. The meetings of the Board of Directors are generally held at Company's Registered Office or Plants at Hyderabad, and are scheduled well in advance.

Number & Dates of Board Meetings held during the year

During the year, the Board met 4 times. The dates on which the meetings were held are: 14th May, 2018; 21st August, 2018; 20th November, 2018 and 20th March, 2019.

Attendance of the Directors at the Board Meetings during the financial year 2018-19 and last Annual General Meeting:

Sl. No.	Name of the Director	Particulars		
		No. of Board Meetings Director was entitled to attend	No. of Board Meetings Participated	Last AGM (17.09.2018)
1	Mr. Chen Qiyu	4	2	No
2	Mr. P.V.N. Raju	3	-	N.A
3	Dr. Ravi Penmetsa	4	4	Yes
4	Mr. Wu Yifang	4	2	N.A
5	Mr. Dongming Li	4	3	Yes
6	Ms. Guan Xiaohui	4	3	N.A
7	Mr. Peng Yiran	4	4	N.A
8	Mr. Moheb Ali	4	3	Yes
9	Mr. Udo J Vetter	4	1	N.A
10	Mr. C. Satyanarayana Murthy	1	1	N.A

General Body Meetings

Particulars of last three Annual General Meetings:

AGM	Year ended	Venue	Date	Time
40 th	31-03-2018	Flat No. 201, Greenland Apartments, Ameerpet, Hyderabad-500 016	17.09.2018	11.00 A.M
39 th	31-03-2017	Flat No. 201, Greenland Apartments, Ameerpet, Hyderabad-500 016	27.09.2017	11.00 A.M
38 th	31-03-2016	Flat No. 201, Greenland Apartments, Ameerpet, Hyderabad-500 016	26.09.2016	11.00 A.M

General Shareholder Information

1. Annual General Meeting

Date : 30th September, 2019

Time : 11:00 A.M.

Venue : Registered Office at Sy. No. 143 - 148, 150 & 151, Near Gandimaisamma 'X' Roads, D.P. Pally, Dundigal, Dundigal - Gandimaisamma (M), Medchal - Malkajgiri District, Hyderabad - 500 043.

2. Financial Year : From 1st April 2018 to 31st March 2019.

Address for correspondence (Registered Office)

The Company Secretary
Gland Pharma Limited
Sy. No. 143 - 148, 150 & 151,
Near Gandimaisamma 'X' Roads,
D.P. Pally, Dundigal,
Dundigal - Gandimaisamma (M),
Medchal - Malkajgiri Dist,
Hyderabad - 500 043
e-mail: sampath@glandpharma.com

For and on behalf of the Board

Srinivas Sadu
Managing Director & CEO
DIN: 06900659

Yiran Peng
Director & CFO
DIN: 07675475

Place: Hyderabad
Date: 29-Aug-2019

INDEPENDENT AUDITOR'S REPORT

To the Members of Gland Pharma Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Gland Pharma Limited ("the Company"), which comprise the Balance sheet as at March 31 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Other Information

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 Ind AS financial statements and our auditor's report thereon.

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

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for



one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 39 to the Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Navneet Rai Kabra

Partner

Membership Number: 102328

UDIN: 19102328AAAABP4441

Place of Signature: Hyderabad

Date: August 29, 2019

ANNEXURE TO THE AUDIT REPORT

**Annexure 1 referred to in paragraph 1 of our report of even date
Re: Gland Pharma Limited ('the Company')**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) All property, plant and equipment were physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable to the Company and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company and hence not commented upon.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of Active Pharmaceutical Ingredients and Formulations including Intermediates and services of contract research, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, goods and service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount demanded (Rs. in mn)	Amount paid under dispute (Rs. in mn)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	1.00	0.10	April 2012 to March 2014	Customs, Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	0.99	0.07	April 2014 to March 2015	Customs, Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty (including penalty)	2.45	0.18	April 2014 to March 2015	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service tax (including penalty)	28.12	1.49	April 2009 to March 2014	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax (including penalty)	15.08	1.03	April 2014 to March 2015	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax (including penalty)	26.44	1.01#	April 2015 to March 2016	Commissioner of Central Excise (Appeals), Hyderabad



Name of the statute	Nature of dues	Amount demanded (Rs. in mn)	Amount paid under dispute (Rs. in mn)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service Tax	25.00	-	April 2016 to June 2017	Principal Commissioner of Central Tax, Hyderabad
Finance Act, 1994	Service Tax	85.19	-	April 2015 to March 2016	Principal Commissioner of Central Tax, Hyderabad
Finance Act, 1994	Service Tax	486.44	-	April 2016 to March 2017	Principal Commissioner of Central Tax, Hyderabad
Finance Act, 1994	Service tax (including penalty)	2.73	0.10	April 2014 to March 2015	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	0.94	-	April 2015 to March 2016	Principal Commissioner of Central Tax, Hyderabad
Value Added Tax Act, 2005 and CST Act, 1956	Value Added Tax and CST	1.73	1.73	April 2012 to March 2014	Telangana Sales Tax and VAT Appellate Tribunal
Value Added Tax Act, 2005 and CST Act, 1956	Value Added Tax and CST	3.57	-	April 2014 to March 2017	Appellate Deputy Commissioner, Hyderabad
Entry tax of Goods into Local Areas Act, 2001	Entry Tax	44.40	22.20	April 2011 to March 2017	High Court, Hyderabad
Entry tax of Goods into Local Areas Act, 2001	Entry Tax	2.60	-	April 2017 to June 2017	Assistant Commissioner, Hyderabad
Income Tax Act, 1961	Income Tax	0.86	0.86	April 2006 to March 2008	Deputy Commissioner of Income Tax

#Paid subsequently to the year end.

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of sales tax loan to the government. The Company has no outstanding dues in respect of banks, financial institutions and debenture holders.
- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans. Hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause (xii) of the order are not applicable to the Company and hence not commented upon.

- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Navneet Rai Kabra

Partner

Membership Number: 102328

UDIN: 19102328AAAABP4441

Place of Signature: Hyderabad

Date: August 29, 2019

ANNEXURE TO THE AUDIT REPORT

Annexure 2 to the Independent Auditor's report of even date on the financial statements of Gland Pharma Limited

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

We have audited the internal financial controls over financial reporting of Gland Pharma Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent 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 with reference to these Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS 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 over financial reporting with reference to these Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with reference to these Ind AS Financial Statements

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

Inherent Limitations of Internal Financial Controls over Financial Reporting with reference to these Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these Ind AS financial statements and such internal financial controls over financial reporting with reference to these Ind AS financial statements were operating effectively as at March 31, 2019, 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 **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Navneet Rai Kabra

Partner

Membership Number: 102328

UDIN: 19102328AAAABP4441

Place of Signature: Hyderabad

Date: August 29, 2019



GLAND PHARMA LIMITED

CIN: U24239TG1978PLC002276

Balance sheet as at March 31, 2019

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Particulars	Note	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	9,287.43	8,426.41
Capital work in progress	3	1,231.62	1,988.82
Financial assets			
Other financial assets	5	64.26	60.88
Tax assets (net)	7	189.59	198.36
Other non-current assets	8	803.88	99.15
		11,576.78	10,773.62
Current assets			
Inventories	9	9,118.76	5,128.30
Financial assets			
Loans	4	2.75	3.11
Trade receivables	6	5,061.00	4,752.10
Cash and cash equivalents	10	2,364.02	3,728.41
Bank balances other than cash and cash equivalents	11	4,843.45	2,782.99
Other financial assets	5	397.01	230.92
Other current assets	8	1,862.06	1,883.96
		23,649.05	18,509.79
Total Assets		35,225.83	29,283.41
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	154.95	154.95
Other equity	13	28,466.18	23,949.27
		28,621.13	24,104.22
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	14	49.60	54.89
Other financial liabilities	16	52.01	381.33
Deferred tax liability (net)	17	1,076.30	957.47
		1,177.91	1,393.69
Current liabilities			
Financial liabilities			
Trade payables	15		
Total outstanding dues of micro, small and medium enterprises		14.28	23.43
Total outstanding dues of creditors other than micro, small and medium enterprises		4,647.70	2,894.68
Other financial liabilities	16	118.92	142.78
Provisions	18	28.81	21.09
Current tax liabilities (net)	19	110.04	129.00
Other current liabilities	20	507.04	574.52
		5,426.79	3,785.50
Total equity and liabilities		35,225.83	29,283.41
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For S.R.BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number : 101049W/E300004

per **Navneet Rai Kabra**

Partner

Membership No. 102328

For and on behalf of the Board of Directors

Gland Pharma Limited

Srinivas Sadu

Managing Director and Chief Executive Officer

DIN: 06900659

P. Sampath Kumar

Company Secretary

Place: Hyderabad, Date: August 29, 2019

Yiran Peng

Director and Chief Financial Officer

DIN: 07675475

ANNUAL REPORT 2018-2019

Statement of Profit and Loss for the year ended March 31, 2019

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Particulars	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
INCOME			
Revenue from operations	21	20,442.03	16,228.93
Other income	22	855.64	487.89
Total income (I)		21,297.67	16,716.82
EXPENSES			
Cost of materials consumed	23	9,548.91	7,182.98
Purchase of traded goods		162.84	91.22
Increase in inventories of finished goods, stock-in-trade and work-in-progress	24	(1,141.54)	(666.66)
Excise duty on sale of goods		-	29.52
Power and fuel		740.34	603.52
Employee benefits expense	25	2,229.49	1,790.80
Other expenses	26	1,838.87	1,846.50
Depreciation expense	3	819.59	782.08
Finance expenses	27	35.60	41.25
Total expenses (II)		14,234.10	11,701.21
Profit before exceptional items and tax (III) = (I-II)		7,063.57	5,015.61
Exceptional items (IV)			
Employee separation compensation	41	200.00	-
Profit before tax (V) = (III-IV)		6,863.57	5,015.61
Tax expenses			
Current tax		2,212.26	1,694.59
Deferred tax charge		119.99	106.34
Taxes for earlier years		12.25	3.54
Total tax expense (VI)		2,344.50	1,804.47
Profit for the year (VII) = (V-VI)		4,519.07	3,211.14
OTHER COMPREHENSIVE INCOME (OCI)			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement loss on employee defined benefit plans		3.32	7.69
Income tax effect		(1.16)	(2.66)
Total other comprehensive loss for the year, net of tax (VIII)		2.16	5.03
Total comprehensive income for the year, net of tax (IX) = (VII+VIII)		4,516.91	3,206.11
Earnings per share:	30		
Basic, computed on the basis of profit attributable to equity holders		291.65	207.24
Diluted, computed on the basis of profit attributable to equity holders		291.65	207.24
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.
As per our report of even date attached

For S.R.BATLIBOI & ASSOCIATES LLP

Chartered Accountants
ICAI Firm Registration Number : 101049W/E300004

per **Navneet Rai Kabra**
Partner
Membership No. 102328

**For and on behalf of the Board of Directors
Gland Pharma Limited**

Srinivas Sadu
Managing Director and Chief Executive Officer
DIN: 06900659

P. Sampath Kumar
Company Secretary

Yiran Peng
Director and Chief Financial Officer
DIN: 07675475

Place: Hyderabad, Date: August 29, 2019

Place: Hyderabad, Date: August 29, 2019



GLAND PHARMA LIMITED

Statement of Changes in Equity for the year ended March 31, 2019

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

a. Equity share capital

Equity shares of Rs. 10 each, issued, subscribed and fully paid

As at April 01, 2017

Less: Shares bought back during the period

Add: Conversion of compulsorily convertible non cumulative preference shares (CCPS)

As at March 31, 2018

Add: Issued during the year

As at March 31, 2019

No.	Rs.
15,494,949	154.95
(942,500)	(9.43)
942,500	9.43
15,494,949	154.95
-	-
15,494,949	154.95

b. Other Equity

Other components of equity

	Reserves and surplus				Other comprehensive	Total	
	Equity component of convertible preference shares	Securities Premium	Capital Redemption Reserve	General Reserve	Retained Earnings		income Re-measurement loss on employee defined benefit plans (net of tax)
As at April 01, 2017	-	5,149.72	24.01	40.65	15,538.61	(9.83)	20,743.16
Profit for the year	-	-	-	-	3,211.14	-	3,211.14
Other comprehensive income	-	-	-	-	-	(5.03)	(5.03)
Issue of share capital	9.43	3,976.81	-	-	-	-	3,986.24
Amount utilised towards buy back of shares	-	(3,236.59)	-	-	-	-	(3,236.59)
Tax on buy back of shares	-	-	-	-	(740.22)	-	(740.22)
Conversion of shares	(9.43)	-	-	-	-	-	(9.43)
Amount transferred from general reserve to capital redemption reserve on account of buy back	-	-	9.43	(9.43)	-	-	-
As at March 31, 2018	-	5,889.94	33.44	31.22	18,009.53	(14.86)	23,949.27
Profit for the year	-	-	-	-	4,519.07	-	4,519.07
Other comprehensive income	-	-	-	-	-	(2.16)	(2.16)
As at March 31, 2019	-	5,889.94	33.44	31.22	22,528.60	(17.02)	28,466.18

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R.BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number : 101049W/E300004

per **Navneet Rai Kabra**

Partner

Membership No. 102328

For and on behalf of the Board of Directors

Gland Pharma Limited

Srinivas Sadu

Managing Director and Chief Executive Officer

DIN: 06900659

P. Sampath Kumar

Company Secretary

Yiran Peng

Director and Chief Financial Officer

DIN: 07675475

Place: Hyderabad, Date: August 29, 2019

Place: Hyderabad, Date: August 29, 2019

ANNUAL REPORT 2018-2019

Statement of Cash Flows for the year ended March 31, 2019

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Cash flow from operating activities		
Profit before tax	6,863.57	5,015.61
Adjustments to reconcile profit before tax to net cash flows		
Depreciation expense	819.59	782.08
Allowance for credit losses	10.45	16.22
Bad debts written off	94.72	12.82
Interest expense	25.08	31.31
Unrealized foreign exchange (gain)/loss	45.36	(61.10)
Employee separation compensation	200.00	-
Profit on disposal of property, plant and equipment	(0.85)	(0.21)
Interest income	(433.13)	(271.68)
Operating profit before working capital changes	7,624.79	5,525.05
Movements in working capital:		
Increase in trade receivables	(458.96)	(528.59)
Increase in inventories	(3,990.46)	(1,341.11)
Increase in loans, deposits and others	(7.04)	(3.89)
Increase in other assets	(296.69)	(1,118.11)
Increase in trade payables and other financial liabilities	1,130.12	1,109.21
Increase/(decrease) in provisions and other liabilities	83.58	(51.84)
Cash generated from operations	4,085.34	3,590.72
Income tax paid (net of refunds)	(2,234.70)	(1,571.42)
Net cash flow from operating activities (A)	1,850.64	2,019.30
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,357.44)	(851.75)
Proceeds from disposal of property, plant and equipment	5.45	1.60
Investment in bank deposits	(2,187.45)	(2,982.02)
Interest received	398.05	243.80
Net cash flow used in investing activities (B)	(3,141.39)	(3,588.37)
Cash flows from financing activities		
Repayment of long-term borrowings (refer note 14)	(4.25)	(4.61)
Proceeds from issue of shares	-	3,976.81
Buy back of shares (including tax thereon)	-	(3,976.81)
Interest paid	(25.08)	(31.31)
Net cash flows used in financing activities (C)	(29.33)	(35.92)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(1,320.08)	(1,604.99)
Effect of exchange differences on cash and cash equivalents held in foreign currency	(44.31)	2.63
Cash and cash equivalents at the beginning of the year (refer note 10)	3,728.41	5,330.77
Cash and cash equivalents at the end of the year	2,364.02	3,728.41
Components of cash and cash equivalents		
Cash on hand	0.29	0.41
With banks on current account	1,600.77	1,396.03
With banks on deposit account	762.96	2,331.97
Total cash and cash equivalents (refer note 10)	2,364.02	3,728.41

Summary of significant accounting policies (Refer note 2.1)

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R.BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number : 101049W/E300004

per **Navneet Rai Kabra**

Partner

Membership No. 102328

For and on behalf of the Board of Directors

Gland Pharma Limited

Srinivas Sadu

Managing Director and Chief Executive Officer

DIN: 06900659

P. Sampath Kumar

Company Secretary

Yiran Peng

Director and Chief Financial Officer

DIN: 07675475

Place: Hyderabad, Date: August 29, 2019

Place: Hyderabad, Date: August 29, 2019



Notes to Financial Statements for the year ended March 31, 2019

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

1. Corporate information

Gland Pharma Limited ('the Company') is a public limited Company domiciled in India and is primarily engaged in manufacturing injectable formulations. The Company has presently three divisions namely Bulk Drugs (one unit is in SEZ), Formulations and Research & Development.

2. Basis of preparation

The financial statements of the Company have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time.

The financial statements have been prepared on a historical cost convention, except for certain financial assets and liabilities which have been measured at fair value.

2.1 Summary of significant accounting policies

(a) New standards adopted by the Company

Ind AS 115, Revenue from Contracts with customers

In March 2018, the Ministry of Corporate Affairs ("MCA") has notified Ind AS 115, Revenue from Contracts with customers, which is effective for accounting periods beginning on or after April 01, 2018. This comprehensive new standard supersedes Ind AS 18, Revenue, Ind AS 11, Constructions contracts and related interpretations. The new standard amends revenue recognition requirements and establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Company has adopted Ind AS 115 using the modified retrospective method of adoption and the impact of the same on the financial statements for the year ended March 31, 2019 is not material.

(b) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle

- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(c) Foreign currencies

The financial statements are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

(d) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Notes to Financial Statements for the year ended March 31, 2019

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

The Company's chief financial officer determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. Any change in the fair value of each asset and liability is also compared with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(e) Revenue recognition

Accounting policies relating to revenue for the periods after March 31, 2018 are as follows:

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 fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of products

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer and is net of trade discounts, sales returns, sales tax, goods and services tax (GST) and where applicable, and the additional amount in case of exclusive arrangement, is recognised based on the terms of the agreement entered into with the customers, in the period when the collectability of the profit share becomes probable and a reliable measure of the profit share is available. The point at which control passes is determined based on the terms and conditions by each customer arrangement.

Sale of services

Revenue from sale of dossiers/licenses/services is recognized in accordance with the terms of the relevant agreements as accepted and agreed with the customers.

Interest income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Export benefits, incentives and licenses

Export benefits on account of duty drawback and export promotion schemes are accrued and accounted in the period of export, and are included in other operating revenue.

Accounting policies relating to revenue for period ending on or prior to March 31, 2018 are as follows:

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 fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected



Notes to Financial Statements for the year ended March 31, 2019

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of products

Revenue from sale of goods is recognised on dispatch which coincides with transfer of significant risks and rewards to customer and is net of trade discounts, sales returns and sales tax, where applicable, and the additional amount in case of exclusive arrangement, is recognised based on the terms of the agreement entered into with the customers, in the period when the collectability of the profit share becomes probable and a reliable measure of the profit share is available.

Revenue from the sale of goods includes excise duty and is measured at the fair value of the consideration received or receivable, net of returns, sales tax, goods and services tax (GST) and applicable trade discounts and allowances.

Sale of services

Revenue from sale of dossiers/licenses/services is recognized in accordance with the terms of the relevant agreements as accepted and agreed with the customers.

Interest income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Export benefits, incentives and licenses

Export benefits on account of duty drawback and export promotion schemes are accrued and accounted in the period of export, and are included in other operating revenue.

(f) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying

transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation

Notes to Financial Statements for the year ended March 31, 2019

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(g) *Property, plant and equipment*

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance or extends its estimated useful life.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

Depreciation

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The management has estimated, supported by independent assessment by professionals, the useful lives of the following classes of assets::

<i>Asset</i>	<i>Useful lives estimated by the management (years)</i>
Factory buildings	30
Tube wells	5
Plant and Equipment	8-20
Laboratory Equipment	10
Office Equipment	5
Furniture and fixtures	5-10
Vehicles	8-10
Computers	3-6

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial period end and adjusted prospectively, if appropriate.

(h) *Leases*

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term

(i) *Inventories*

Inventories are valued at the lower of cost and net realisable value. Cost is determined on First in First Out (FIFO) basis.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials and packing material: Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.



Notes to Financial Statements for the year ended March 31, 2019

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

- Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.
- Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- Stores and spares and consumables are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(j) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus. An assessment is made at each reporting date to determine whether there is an indication that

previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(k) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(l) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

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(All amounts in Indian Rupees millions, except share data and where otherwise stated)

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined based on actuarial valuation.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

The Company treats accumulated leave, as a long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on an actuarial valuation using the projected unit credit method at the period-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire liability in respect of leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement beyond 12 months after the reporting date.

(m) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are

attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Equity investments:

All equity investments in scope of Ind AS 109 are measured at fair value.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- a) the rights to receive cash flows from the asset have expired, or
- b) the Company has transferred its rights to receive cash flows from the asset, and
 - i. the Company has transferred substantially all the risks and rewards of the asset, or



Notes to Financial Statements for the year ended March 31, 2019

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

- ii. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits, trade receivables and bank balance
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

The Company recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- i. Financial liabilities at fair value through profit or loss
 - ii. Financial liability at amortised cost
- Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Reclassification of financial instruments

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(n) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

(o) Research and Development

Revenue expenditure on research and development is charged to revenue in the period in which it is incurred. Property, plant and equipment purchased for research and development is added to property, plant and equipment and depreciated in accordance with the policies of the Company.

(p) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

Notes to Financial Statements for the year ended March 31, 2019

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

3. Property, plant and equipment

Particulars	Freehold Land	Buildings	Plant and machinery	Laboratory equipments	Research and Development Equipments	Furniture and fixtures	Office equipments	Vehicles	Computers	Tubewells	Total
Cost											
<i>As at April 01, 2017</i>	250.41	2,006.39	6,892.20	371.89	193.42	158.67	48.74	36.36	95.64	1.49	10,055.21
Additions	42.40	120.12	193.86	37.67	43.89	21.68	3.94	1.49	29.02	-	494.07
Disposals	-	-	-	-	-	-	-	(4.76)	-	-	(4.76)
<i>As at March 31, 2018</i>	292.81	2,126.51	7,086.06	409.56	237.31	180.35	52.68	33.09	124.66	1.49	10,544.52
Additions	-	133.59	1,195.00	160.07	85.58	38.71	13.29	25.00	35.23	-	1,686.47
Disposals	-	-	(7.15)	(9.68)	-	(5.67)	(4.08)	(8.13)	(0.53)	-	(35.24)
<i>As at March 31, 2019</i>	292.81	2,260.10	8,273.91	559.95	322.89	213.39	61.89	49.96	159.36	1.49	12,195.75
Depreciation											
<i>As at April 01, 2017</i>	-	159.97	908.03	88.94	60.08	43.87	21.91	4.70	51.37	0.53	1,339.40
Charge for the year	-	88.90	553.17	44.84	33.09	21.22	9.59	7.30	23.64	0.33	782.08
Disposals	-	-	-	-	-	-	-	(3.37)	-	-	(3.37)
<i>As at March 31, 2018</i>	-	248.87	1,461.20	133.78	93.17	65.09	31.50	8.63	75.01	0.86	2,118.11
Charge for the year	-	92.41	576.72	49.43	35.88	22.14	8.83	7.23	26.65	0.30	819.59
Disposals	-	-	(4.98)	(9.69)	-	(5.23)	(3.93)	(5.21)	(0.34)	-	(29.38)
<i>As at March 31, 2019</i>	-	341.28	2,032.94	173.52	129.05	82.00	36.40	10.65	101.32	1.16	2,908.32
Net carrying value											
<i>As at March 31, 2018</i>	292.81	1,877.64	5,624.86	275.78	144.14	115.26	21.18	24.46	49.65	0.63	8,426.41
<i>As at March 31, 2019</i>	292.81	1,918.82	6,240.97	386.43	193.84	131.39	25.49	39.31	58.04	0.33	9,287.43

Capital Work in Progress : Rs. 1,231.62 (March 31, 2018: Rs. 1,998.82)



Notes to Financial Statements for the year ended March 31, 2019

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Financial assets

- 4 Loans**
(Unsecured, considered good)
Other loans
Loans to employees

Non-Current		Current	
March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
-	-	2.75	3.11
-	-	2.75	3.11

- 5 Other financial assets**
(Unsecured, considered good)
Security deposits
Bank deposits (refer note 11)
Interest accrued but not due on bank deposits and others

Non-Current		Current	
March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
64.26	58.84	3.60	1.62
-	2.04	326.02	196.99
-	-	67.39	32.31
64.26	60.88	397.01	230.92

- 6 Trade receivables**
Receivables from related parties (refer note 34)
Trade receivables from other parties

March 31, 2019	March 31, 2018
7.21	31.07
5,053.79	4,721.03
5,061.00	4,752.10
5,061.00	4,752.10
10.45	16.22
(10.45)	(16.22)
5,061.00	4,752.10

Details of security

Considered good, unsecured
Credit impaired
Less: Allowance for credit losses

No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person nor from firms or private companies respectively in which any director is a partner, a director or a member except as disclosed in note 34.

Trade receivables are non-interest bearing and are generally on terms of 30 - 120 days.

The details of changes in allowance for credit losses during the year ended March 31, 2019 and March 31, 2018 are as follows:

Balance at the beginning of the year
Provision made during the year, net of reversals
Trade receivables written off during the year and effect of changes in the foreign exchange rates

Balance at the end of the year

March 31, 2019	March 31, 2018
16.22	-
105.17	29.04
(110.94)	(12.82)
10.45	16.22

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Notes to Financial Statements for the year ended March 31, 2019

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

7 Tax assets

(Unsecured, considered good)

Advance income tax (net)

Income tax paid under protest

Non-Current		Current	
March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
187.47	196.24	-	-
2.12	2.12	-	-
189.59	198.36	-	-

8 Other assets

(Unsecured, considered good)

Capital advance

Advances to material suppliers

Prepaid expenses

Export rebate claims receivable

Export incentives receivable

Balance with statutory/ government authorities

Non-Current		Current	
March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
421.55	38.17	-	-
-	-	108.36	71.64
-	-	85.17	103.75
-	-	21.06	17.63
13.28	17.46	368.28	502.78
369.05	43.52	1,279.19	1,188.16
803.88	99.15	1,862.06	1,883.96

No advances are due from directors or other officers of the Company or any of them either severally or jointly with any other persons or advances to firms or private companies respectively in which any director is a partner or a director or a member should be separately stated.

9 Inventories (valued at lower of cost and net realisable value)

Raw materials and components

Packing materials

Finished goods*

Work-in-progress

Stores and spares

March 31, 2019	March 31, 2018
4,276.99	2,611.69
1,995.51	886.76
426.50	481.87
2,168.65	971.74
251.11	176.24
9,118.76	5,128.30
72.50	31.57

*Includes stock in trade

10 Cash and cash equivalents

Cash on hand

Balances with banks

On current accounts

Deposits with original maturity of less than three months

March 31, 2019	March 31, 2018
0.29	0.41
1,600.77	1,396.03
762.96	2,331.97
2,364.02	3,728.41



Notes to Financial Statements for the year ended March 31, 2019

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

	Non-Current		Current	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
11 Bank balances other than cash and cash equivalents				
Other deposit accounts				
Deposit with remaining maturity of less than 12 months	-	-	4,843.45	2,782.99
Margin money deposits*				
Deposit with remaining maturity of less than 12 months	-	-	326.02	196.99
Deposit with remaining maturity of more than 12 months	-	2.04	-	-
	-	2.04	5,169.47	2,979.98
Less: Amount disclosed under deposits and others (refer note 5)	-	(2.04)	(326.02)	(196.99)
	-	-	4,843.45	2,782.99

*Margin money deposits represent security held by bank including bank guarantees issued by the bankers on behalf of the Company.

Breakup of financial assets

Valued at amortised cost

Loans and others	464.02	294.91
Trade receivables	5,061.00	4,752.10
Cash and cash equivalents	2,364.02	3,728.41
Bank balances other than cash and cash equivalents	4,843.45	2,782.99
Total financial assets carried at amortised cost	12,732.49	11,558.41

12 Share capital

Authorised

18,000,000 (March 31, 2018: 18,000,000) equity shares of Rs. 10 each	180.00	180.00
0.001 % 5,100,000 (March 31, 2018: 5,100,000) compulsorily convertible non cumulative preference shares of Rs. 10 each	51.00	51.00
0.001% 1,200,000 (March 31, 2018: 1,200,000) redeemable convertible non cumulative preference shares of Rs. 10 each	12.00	12.00
	243.00	243.00

Issued, subscribed and fully paid up shares

15,494,949 (March 31, 2018: 15,494,949) equity shares of Rs. 10 each	154.95	154.95
	154.95	154.95

(a) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

	March 31, 2019		March 31, 2018	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares				
At the beginning of the year	15,494,949	154.95	15,494,949	154.95
Less: Shares bought back during the year*	-	-	(942,500)	(9.43)
Issued during the year#	-	-	942,500	9.43
	15,494,949	154.95	15,494,949	154.95

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Notes to Financial Statements for the year ended March 31, 2019

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Equity component of convertible preference shares

	March 31, 2019		March 31, 2018	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	-	-	-	-
Add: Issued during the period#	-	-	942,500	9.43
Less: Converted during the year#	-	-	(942,500)	(9.43)
	-	-	-	-

* During the year ended March 31, 2018, the Company bought back 942,500 equity shares under the buy-back of equity shares plan approved by the shareholders on September 15, 2017.

#During the year ended March 31, 2018, the Company had issued 0.001 % 942,500 compulsorily convertible non cumulative preference shares of Rs. 10 each, which were converted into equity shares.

Aggregate number of shares bought back during the period of five years immediately preceding the reporting date:

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Equity shares of Rs. 10 each	942,500	-	177,500	2,223,000

(b) Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Terms / rights attached to compulsorily convertible non cumulative preference shares

The Company has only one class of compulsorily convertible non cumulative preference shares (CCPS) having par value of Rs. 10 per share. A holder of a CCPS will not have voting rights until the CCPS are converted into underlying equity shares. Each CCPS shall be a non-cumulative preference share and shall entitle the holder thereof to 0.001% dividend per annum on the face value of the CCPS.

Each CCPS shall at the option of the Company or at the option of the acquirer, be converted into 1 (one) equity share at any time after the closing date.

Each CCPS shall automatically be converted into 1 (one) equity share upon the expiry of a period of 5 (five) years from the date on which the CCPS is issued.

(d) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates

Out of equity and preference shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/ associates are as below:

Name of the Shareholder	March 31, 2019		March 31, 2018	
	No. of Shares	Amount	No. of Shares	Amount
Fosun Pharma Industrial Pte. Ltd., Singapore - Equity Shares	11,466,262	114.66	11,466,262	114.66
	11,466,262	114.66	11,466,262	114.66



Notes to Financial Statements for the year ended March 31, 2019

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

(e) Details of shareholders holding more than 5% shares in the Company

	March 31, 2019		March 31, 2018	
	No. of Shares	% holding	No. of Shares	% holding
Fosun Pharma Industrial Pte. Ltd., Singapore	11,466,262	74.00%	11,466,262	74.00%
Gland Celsus Bio-Chemicals Pvt Ltd	2,009,487	12.97%	2,009,487	12.97%
RP Advisory Services Pvt Ltd being a Trustee of Empower Discretionary Trust	786,700	5.08%	786,700	5.08%

As per records of the Company, including its register of shareholders/members, the above shareholding represents both legal and beneficial ownership of shares.

(f) No Shares have been issued by the Company for consideration other than cash, during the period of five years immediately preceding the reporting date.

(g) Shares reserved for issue under options

There are no shares reserved for issue under options and contract/commitments for the sale of shares/disinvestment.

13 Other equity

Equity component of convertible preference shares

Balance at the beginning of the year

-

Add: Issued during the period

9.43

Less: Converted during the year

(9.43)

Balance at the end of the year

-

Securities premium account

Balance at the beginning of the year

5,889.94

Add: Issue of share capital

3,976.81

Less: Amount utilized towards buy back of shares

(3,236.59)

Balance at the end of the year

5,889.94

Capital redemption reserve

Balance at the beginning of the year

33.44

Add: Amount transferred from general reserve on account of buy back

9.43

Balance at the end of the year

33.44

General reserve

Balance at the beginning of the year

31.22

Add: Amount transferred to capital redemption reserve on account of buy back

(9.43)

Balance at the end of the year

31.22

Retained earnings

Balance at the beginning of the year

18,009.53

Add: Profit for the year

4,519.07

Less: Tax on buy back of shares

(740.22)

Balance at the end of the year

22,528.60

Other comprehensive income

Items recognised directly in other comprehensive income

Balance at the beginning of the year

(14.86)

Re-measurement loss on employee defined benefit plans (net of tax)

(5.03)

Balance at the end of the year

(14.86)

28,466.18

23,949.27

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Notes to Financial Statements for the year ended March 31, 2019

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Nature and purpose of reserves

General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid up share capital of the company for that year, then the total dividend distribution is less than total distributable reserve for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of net profit to general reserve has been withdrawn. However the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

14 Borrowings

From others (Unsecured)

Deferred sales tax loan (refer note (a))

Less: Amount disclosed under the head

"other current financial liabilities" (refer note. 16)

Non-Current		Current	
March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
49.60	54.89	5.30	4.26
49.60	54.89	5.30	4.26
-	-	(5.30)	(4.26)
49.60	54.89	-	-

(a) Deferred sales tax is interest free and payable in 14 yearly unequal instalments starting from October 2012, as per the sales tax deferment scheme. The last instalment is payable in 2026-27.

Changes in liabilities arising from financing activities

Particulars	April 01, 2018	Cash flows	March 31, 2019
Non-current borrowings (including current maturities)	59.15	(4.25)	54.90
Total liabilities from financing activities	59.15	(4.25)	54.90

Changes in liabilities arising from financing activities

Particulars	April 01, 2017	Cash flows	March 31, 2018
Non-current borrowings (including current maturities)	63.76	(4.61)	59.15
Total liabilities from financing activities	63.76	(4.61)	59.15

15 Trade payables

Valued at amortised cost

Trade payables to third parties

Due to micro, small and medium enterprises (refer note 32)

Other parties

Trade payables to related parties (refer note 34)

March 31, 2019	March 31, 2018
14.28	23.43
4,359.49	2,538.64
288.21	356.04
4,661.98	2,918.11

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 30-120 day terms.



Notes to Financial Statements for the year ended March 31, 2019

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

	Non-Current		Current	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
16 Other financial liabilities				
Valued at amortised cost				
Current maturities of non-current borrowings (refer note 14)	-	-	5.30	4.26
Capital creditors*	-	-	107.45	138.52
Trade deposits payable	-	5.57	6.17	-
Revenue received in advance	52.01	375.76	-	-
	52.01	381.33	118.92	142.78
			27.14	14.02

*Due to micro, small and medium enterprises (refer note 32)

Breakup of financial liabilities

Valued at amortised cost

	March 31, 2019	March 31, 2018
Non current borrowings	49.60	54.89
Trade payables	4,661.98	2,918.11
Current maturities of non-current borrowings	5.30	4.26
Capital creditors	107.45	138.52
Trade deposits payable	6.17	5.57
Revenue received in advance	52.01	375.76
Total financial liabilities carried at amortised cost	4,882.51	3,497.11

17 Deferred tax liability

Deferred tax liability

	March 31, 2019	March 31, 2018
Property, plant and equipment	1,092.64	970.38
	1,092.64	970.38
Deferred tax asset		
Provision for employee benefits	12.69	7.30
Allowance for credit losses	3.65	5.61
	16.34	12.91
	1,076.30	957.47

For the year ended March 31, 2019:

	Opening balance	Recognised in profit & loss	Recognised in other comprehensive income	Closing balance
Property, plant and equipment	970.38	122.26	-	1,092.64
Provision for employee benefits	(7.30)	(4.23)	(1.16)	(12.69)
Allowance for credit losses	(5.61)	1.96	-	(3.65)
Deferred tax liability (net)	957.47	119.99	(1.16)	1,076.30

For the year ended March 31, 2018:

	Opening balance	Recognised in profit & loss	Recognised in other comprehensive income	Closing balance
Property, plant and equipment	863.14	107.24	-	970.38
Provision for employee benefits	(9.35)	4.71	(2.66)	(7.30)
Allowance for credit losses	-	(5.61)	-	(5.61)
Deferred tax liability (net)	853.79	106.34	(2.66)	957.47

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Notes to Financial Statements for the year ended March 31, 2019

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

18 Provisions

Provision for employee benefits

Provision for gratuity (refer note 31)

Provision for compensatory absences

March 31, 2019	March 31, 2018
17.37	11.91
11.44	9.18
28.81	21.09

19 Current tax liabilities (net)

Income tax (net of advance tax and tax deducted at source)

March 31, 2019	March 31, 2018
110.04	129.00
110.04	129.00

20 Other current liabilities

Statutory dues

Advances from customers

Unearned revenue

March 31, 2019	March 31, 2018
117.87	38.69
387.62	503.16
1.55	32.67
507.04	574.52

21 Revenue from operations

Revenue from sale of goods

- Domestic

- Export

(A)

Revenue from sale of services

- Domestic

- Export

(B)

Other operating income

- Export incentives

(C)

(A+B+C)

For the year ended March 31, 2019	For the year ended March 31, 2018
2,269.74	1,698.83
15,543.18	12,507.61
17,812.92	14,206.44
1,098.30	902.19
1,020.25	721.54
2,118.55	1,623.73
510.56	398.76
510.56	398.76
20,442.03	16,228.93

In accordance with Indian Accounting Standard - 115 on Revenue and Schedule III of the Companies Act, 2013; Goods and Services Tax (GST) is not included in Revenue from operations in post GST periods. Therefore, revenue from operations for the year ended March 31, 2019 is not comparable with the corresponding previous year.

21A Revenue from operations:

Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from operations, excluding other operating income

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from operations - Sale of goods	17,812.92	14,206.44
Revenue from operations - Sale of service	2,118.55	1,623.73
Total	19,931.47	15,830.17



Notes to Financial Statements for the year ended March 31, 2019

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

India	3,368.04	2,601.00
Outside India	16,563.43	13,229.17
Timing of revenue recognition		
Service transferred over time	2,118.55	1,623.73
Goods transferred at a point of time	17,812.92	14,206.44
Total	19,931.47	15,830.17

22 Other income

	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest on		
- Fixed deposits	429.92	268.80
- Others	3.21	2.88
Foreign exchange gain (net)	415.90	213.18
Profit on disposal of property, plant and equipment	0.85	0.21
Insurance claim	-	0.01
Miscellaneous income	5.76	2.81
	855.64	487.89

23 Cost of materials consumed

	For the year ended March 31, 2019	For the year ended March 31, 2018
Inventory at the beginning of the year	2,611.69	1,935.94
Add: Purchases	8,907.51	6,048.75
	11,519.20	7,984.69
Less: Inventory at the end of the year	(4,276.99)	(2,611.69)
Cost of raw materials consumed	7,242.21	5,373.00
Cost of packing materials consumed	2,306.70	1,809.98
	9,548.91	7,182.98

24 Increase/decrease in inventories

	For the year ended March 31, 2019	For the year ended March 31, 2018
Inventories at the end of the year		
Finished goods	426.50	481.87
Work in progress	2,168.65	971.74
	2,595.15	1,453.61
Inventories at the beginning of the year		
Finished goods	481.87	237.35
Work in progress	971.74	549.60
	1,453.61	786.95
	(1,141.54)	(666.66)

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Notes to Financial Statements for the year ended March 31, 2019

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

25 Employee benefits expense

	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, wages and bonus	2,009.56	1,612.21
Contribution to provident and other funds	92.08	82.04
Gratuity expense	57.48	33.64
Staff welfare expenses	70.37	62.91
	2,229.49	1,790.80

26 Other expenses

	For the year ended March 31, 2019	For the year ended March 31, 2018
Stores consumed	262.76	206.60
Rent (refer note 39a)	9.98	24.84
Repairs and maintenance:		
- Plant and machinery	226.58	166.27
- Buildings	76.61	66.66
- Other	17.30	11.66
Rates and taxes	312.70	211.23
Quality control expenses	271.79	235.14
Research and development consumables	207.17	189.12
Legal and professional charges*	48.28	467.75
Carriage outwards	85.23	71.25
Insurance	24.34	23.49
Printing and stationery	23.03	21.29
Travelling and conveyance	31.47	23.10
Selling and business promotion expenses	42.06	20.10
Sales commission	11.49	7.96
Postage and courier	4.22	3.41
Telephone expenses	5.93	6.14
Vehicle maintenance	9.23	6.84
Payment to auditors:		
Audit fees	9.79	5.70
Certifications fees and others	0.18	0.58
Out of pocket expenses	0.11	0.06
Allowance for credit losses	10.45	16.22
Bad debts written off	94.72	12.82
Miscellaneous expenses	51.88	41.45
CSR expenditure (refer note 28)	1.57	6.82
	1,838.87	1,846.50

* Includes Rs. Nil (March 31, 2018: 425.07 million) towards transaction cost for acquisition of 74% stake by Fosun in the Company.

27 Finance cost

	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest expense	25.08	31.31
Bank charges	10.52	9.94
	35.60	41.25

Notes to Financial Statements for the year ended March 31, 2019

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

28 Details of CSR expenditure

	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Gross amount required to be spent by the Company during the year:	102.63	87.36
(b) Amount spent during the year@	1.57	6.82
@paid in cash for the purpose other than construction/acquisition of any asset		

29 Taxes

(a) Income tax expense:

The major components of income tax expenses for the year ended March 31, 2019 and for the year ended March 31, 2018 are:

(i) Profit or loss section

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current income tax charge	2,212.26	1,694.59
Deferred tax charge	119.99	106.34
Adjustment of current income tax relating to earlier years	12.25	3.54
Total income tax expense recognised in statement of Profit & Loss	2,344.50	1,804.47

(ii) OCI Section

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Net gain on remeasurement of defined benefit plans	(1.16)	(2.66)
Income tax charged to OCI	(1.16)	(2.66)

(b) Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit Before Tax (A)	6,863.57	5,015.61
Enacted tax rate in India (B)	34.94%	34.61%
Expected tax expenses (C = A*B)	2,398.41	1,735.80
Tax effect on permanent difference		
Deduction under section 10AA of the Income Tax Act, 1961	16.06	(28.54)
Weighted deduction under section 35(2AB) under the Income Tax Act, 1961*	(93.98)	(63.47)
Expenses disallowed under Income Tax Act, 1961	4.81	153.76
Adjustment for taxes with respect to earlier years	12.25	3.54
Impact of rate change on deferred tax	9.30	-
Others	(2.35)	3.38
Total (D)	(53.91)	68.67
Expected tax expense (C+B)	2,344.50	1,804.47
Income tax expense	2,344.50	1,804.47
Effective tax rate	34.16%	35.98%

* India's Finance Act, 2016 incorporated an amendment that reduces the weighted deduction on eligible research and development expenditure in a phased manner from 200% to 150% commencing from 1 April 2017.

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Notes to Financial Statements for the year ended March 31, 2019

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

30 Earnings per share

The following reflects the profit and share data used in the basic and diluted EPS computations:

	March 31, 2019	March 31, 2018
i) Profit for the year attributable to equity shareholders	4,519.07	3,211.14
ii) Weighted average number of equity shares and compulsorily convertible non cumulative preference shares (CCPS) in calculating basic EPS	15,494,949	15,494,949
iii) Weighted average number of equity shares and compulsorily convertible non cumulative preference shares (CCPS) in calculating diluted EPS	15,494,949	15,494,949
vi) Face value of each equity share (Rs.)	10	10
iv) Basic Earnings per share	291.65	207.24
v) Diluted Earnings per share	291.65	207.24

31 Employee benefit plans

I Defined Benefit Plan

The Company has a defined benefit gratuity plan and governed by Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary for each completed year of service. The scheme is funded through a policy with LIC. The following tables summarise net benefit expenses recognised in the statement of profit and loss, the status of funding and the amount recognised in the Balance sheet for the gratuity plan:

A) Net employee benefit expense (recognised in Employee benefits expenses)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Current service cost	26.20	22.35
Past service cost	30.37	10.33
Interest cost	11.45	8.41
Expected return on plan assets	(10.54)	(7.45)
Net employee benefit expenses	57.48	33.64
Actual return on plan asset	10.54	7.45

B) Amount recognised in the Balance Sheet

	March 31, 2019	March 31, 2018
Defined benefit obligation	213.52	150.08
Fair value of plan assets	(196.15)	(138.17)
	17.37	11.91

C) Changes in the present value of the defined benefit obligation

	March 31, 2019	March 31, 2018
Opening defined benefit obligation	150.08	120.42
Current service cost	26.20	22.35
Interest cost	11.45	8.41
Benefits paid	(7.07)	(19.67)
Past service cost	30.37	10.33
Net Actuarial losses on obligation for the year recognised under OCI	2.49	8.24
Closing defined benefit obligation	213.52	150.08

Notes to Financial Statements for the year ended March 31, 2019

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

D) *Change in the fair value of plan assets*

Opening fair value of plan assets

Expected return on plan assets

Contributions

Benefits paid

Net Actuarial losses / (gains) on plan assets for the year recognised under OCI

Closing fair value of plan assets

<i>March 31, 2019</i>	<i>March 31, 2018</i>
138.17	106.80
10.54	7.45
55.34	43.04
(7.07)	(19.67)
(0.83)	0.55
196.15	138.17

The Company expects to contribute Rs.47.06 to the gratuity fund in the next year (March 31, 2018: Rs. 35.44)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Investments with LIC

<i>March 31, 2019</i>	<i>March 31, 2018</i>
100.00%	100.00%

E) *Re measurement adjustments:*

Experience loss/ (gain) on plan liabilities

Experience loss/ (gain) on plan assets

Financial loss/ (gain) on plan liabilities

Re measurement losses recognised in other comprehensive income:

<i>March 31, 2019</i>	<i>March 31, 2018</i>
1.03	15.69
0.83	(0.55)
1.46	(7.45)
3.32	7.69

(i) The principal assumptions used in determining gratuity for the Company's plans are shown below:

Discount rate

Expected rate of return on assets

Salary rise

Attrition Rate

<i>March 31, 2019</i>	<i>March 31, 2018</i>
7.55%	7.65%
8.25%	8.25%
8.00%	8.00%
10.00%	10.00%

The estimates of future salary increases, considered in the actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the actual rate of return during the current year.

(ii) *Disclosure related to indication of effect of the defined benefit plan on the entity's future cash flows:*

Expected benefit payments for the year ending:

Year ending

1 year

2-5 years

6-10 years

>10 years

<i>March 31, 2019</i>	<i>March 31, 2018</i>
39.27	21.04
83.03	62.40
103.60	70.63
188.32	151.95

(iii) *Sensitivity analysis:*

A quantitative sensitivity analysis for significant assumption is as shown below:

(a) Effect of 1% change in assumed discount rate

- 1% increase

- 1% decrease

(b) Effect of 1% change in assumed salary growth rate

- 1% increase

- 1% decrease

<i>March 31, 2019</i>	<i>March 31, 2018</i>
199.41	139.54
229.05	161.59
228.83	160.64
199.34	140.05

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Notes to Financial Statements for the year ended March 31, 2019

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

(c) Effect of 1% change in assumed attrition rate

- 1% increase

- 1% decrease

209.40

218.75

147.54

152.82

**For the year ended
March 31, 2019**

**For the year ended
March 31, 2018**

II Defined Contribution Plan

Contribution to Provident Fund

91.10

82.04

32 Trade Payables and Capital Creditors (Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006):

The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year

The amount of interest paid by the buyer in terms of section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year

The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.

The amount of interest accrued and remaining unpaid at the end of each accounting year; and

The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.

March 31, 2019

March 31, 2018

41.42

37.45

-

-

-

-

-

-

-

-

33 Research and development

i) Details of Revenue expenditure (expensed as and when incurred):

Cost of materials consumed

Raw materials consumed

185.48

77.52

Power and Fuel

8.13

5.87

Employee benefits expenses

Salaries, allowances and wages

189.71

130.34

Contribution to provident fund and other funds

21.31

6.91

Staff welfare expenses

1.37

1.29

Other Expenses

Rates and taxes

220.32

116.50

Research and development consumables

207.17

189.12

Repairs and maintenance

- Plant and machinery

7.12

5.99

- Buildings

0.01

-

- Other

0.99

0.52

Others

2.74

2.91

Depreciation expenses

35.88

33.09

Total

880.23

570.06



GLAND PHARMA LIMITED

Notes to Financial Statements for the year ended March 31, 2019

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

ii) Details of research and development assets :

Particulars	Research and development			Total
	Equipments	Furniture and fixtures	Computers	
Gross Block				
As at April 01, 2017	179.41	6.37	7.64	193.42
Additions	39.18	0.95	3.76	43.89
As at March 31, 2018	218.59	7.32	11.40	237.31
Additions	82.77	0.79	2.02	85.58
As at March 31, 2019	301.36	8.11	13.42	322.89
Depreciation/Amortisation				
As at April 01, 2017	52.96	2.11	5.01	60.08
Charge for the year	29.87	1.11	2.11	33.09
As at March 31, 2018	82.83	3.22	7.12	93.17
Charge for the year	32.26	1.21	2.41	35.88
As at March 31, 2019	115.09	4.43	9.53	129.05
Net Block				
As at March 31, 2018	135.76	4.10	4.28	144.14
As at March 31, 2019	186.27	3.68	3.89	193.84

34 Related party disclosures

Names of related parties and description of relationship

Name of the related party	Relationship
Holding Company Fosun Pharma Industrial Pte. Ltd., Singapore (from October 03, 2017)	
Fellow subsidiary Chongqing Pharmaceutical Research Institute Co., Ltd, China Jiangsu Wanbang Biopharmaceuticals Group Co. Ltd, China Fosun Pharma USA Inc., USA Shanghai Fosun Pharmaceutical Industrial Development Company Limited, China	
Enterprise over which Key Management Personnel exercise significant influence i) Gland Chemicals Private Limited ii) Gland Celsus Biochemicals Private Limited iii) Nicomac Clean Rooms Far East Private Limited (Upto October 03, 2017) iv) Moreschi Asia Doors Private Limited (Upto October 03, 2017) v) Dhananjaya Properties LLP vi) Sasikala Properties LLP	
Key Management Personnel i) P.V.N. Raju ii) Dr. Ravi Penmettsa	Chairman and Director(upto November 20, 2018) Managing Director and Chief Executive Officer(upto April 25, 2019)

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(All amounts in Indian Rupees millions, except share data and where otherwise stated)

iii) Srinivas Sadu	Chief Operating Officer and Whole Time Director (WTD upto October 03, 2017) Managing Director and Chief Executive Officer (from April 25, 2019)
iv) B.Narasimha Rao	Chief Financial Officer and Whole Time Director (CFO and WTD upto October 03, 2017)
v) K Jhansi Lakshmi	Vice President (Finance) and Whole Time Director (VP and WTD upto October 03, 2017)
vi) Satyanarayana Murthy Chavali	Independent Director
vii) Moheb Ali Mohammed	Independent Director
viii) D.S.Brar	Independent Director (upto February 07, 2018)
xiv) P Sampath Kumar	Company Secretary
Relatives of Key Management Personnel	
i) K Praveen Kumar (Upto October 03, 2017)	
ii) P. Suryakantham	
iii) Nakul V Penmetsa	

Transactions during the year:

	Nature	For the year ended March 31, 2019	For the year ended March 31, 2018
Enterprise over which Key Management Personnel exercise significant influence			
Gland Chemicals Private Limited	Purchase of raw material	670.10	782.55
	Sale of goods	7.42	85.25
Nicomac Clean Rooms Far East Private Limited	Purchase of capital goods	-	24.18
Moreschi Asia Doors Private Limited	Purchase of capital goods	-	1.16
Dhananjaya Properties LLP	Rent expense	2.60	2.02
Sasikala Properties LLP	Rent expense	0.86	1.26
Gland Celsus Bio Chemicals Pvt Ltd	Sale of Vehicles	-	0.63
Fellow subsidiary			
Chongqing Pharmaceutical Research Institute Co., Ltd	Purchase of raw material	-	75.44
Jiangsu Wanbang Biopharmaceuticals	Purchase of raw material	240.09	-
Jiangsu Wanbang Biopharmaceuticals	Sale for service	6.10	-
Fosun Pharma USA Inc., USA	Reimbursement of expense	36.09	-
Shanghai Fosun Pharmaceutical Industrial Development Company Limited, China	Sale for service	7.18	-
Key Management Personnel ^			
Sri P.V.N. Raju	Managerial remuneration	3.73	6.06
	Rent expense	0.02	0.20
Dr. Ravi Penmetsa	Managerial remuneration	99.79	78.13
	Employee separation compensation	200.00	-
Mrs K Jhansi Lakshmi	Managerial remuneration	-	3.22
	Rent expense	0.86	1.36
B. Narasimha Rao*	Managerial remuneration	-	5.19
Srinivas Sadu*	Managerial remuneration	-	6.07
D.S.Brar	Sitting fee	-	0.02
Satyanarayana Murthy Chavali	Sitting fee	0.10	-
Moheb Ali Mohammed	Sitting fee	0.30	0.12
P Sampath Kumar	Salary expense	2.84	2.54



Notes to Financial Statements for the year ended March 31, 2019

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Relatives of Key Management Personnel

Smt. P. Suryakantham	Rent expense	0.02	0.20
K Praveen Kumar*	Rent expense	-	0.09
Nakul Penmetsa	Salary expense	-	1.75

Closing balances receivable/(payable) (Unsecured):

	March 31, 2019	March 31, 2018
Chongqing Pharmaceutical Research Institute Co., Ltd	-	(65.49)
Shanghai Fosun Pharmaceutical Industrial Development Company Limited, China	7.21	-
Gland Chemicals Private Limited	(16.16)	(236.58)
Gland Chemicals Private Limited	-	31.07
Dhananjaya Properties LLP	(0.21)	-
Sasikala Properties LLP	(0.06)	-
Sri P.V.N. Raju	(1.74)	-
Dr. Ravi Penmetsa	(269.97)	(53.97)
K Jhansi Lakshmi	(0.06)	-

^ As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Key Management personnel and their relatives is not ascertainable and, therefore, not included above.

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash.

* Related party upto October 03, 2017

35 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(A) Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

(i) Lease commitments - the Company as lessee

The Company has entered into leases for office premises. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of office premises and the fair value of the asset, that it does not retain significant risks and rewards of ownership of the office premises and accounts for the contracts as operating leases.

(B) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) Defined employee benefit plans (Gratuity)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from

Notes to Financial Statements for the year ended March 31, 2019

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries. Further details about gratuity obligations are given in Note 31.

(ii) Depreciation on property, plant and equipment

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives and residual values of all its property, plant and equipment estimated by the management. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment, though these rates in certain cases are different from lives prescribed under Schedule II of the Companies Act, 2013.

36 Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

	Carrying value		Fair value	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Financial assets at amortised cost:				
Loans and others	464.02	294.91	464.02	294.91
Trade receivables	5,061.00	4,752.10	5,061.00	4,752.10
Cash & cash equivalents	2,364.02	3,728.41	2,364.02	3,728.41
Bank balances other than above	4,843.45	2,782.99	4,843.45	2,782.99
Financial liabilities at amortised cost:				
Borrowings (including current maturities)	54.90	59.15	54.90	59.15
Trade payables	4,661.98	2,918.11	4,661.98	2,918.11
Other liabilities	165.63	519.85	165.63	519.85

The management assessed that cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

37 Financial risk management objectives and policies**Financial Risk Management Framework**

The Company is exposed primarily to Credit Risk, Liquidity Risk and Market risk (fluctuations in foreign currency exchange rates and interest rate), which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

A Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after



Notes to Financial Statements for the year ended March 31, 2019

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk, except for trade receivables.

Trade receivables:

The customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on the individual credit limits are defined in accordance with this assessment and outstanding customer receivables are regularly monitored. The Company's receivables turnover is quick and historically, there were no significant defaults on account of any customer in the past. Ind AS requires an entity to recognise in profit or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with Ind AS 109. The Company assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

Before accepting any new customer, the Company uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed on periodic basis.

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs. 5,061.00 and Rs. 4,752.10 as of March 31, 2019 and March 31, 2018 respectively, being the total of the carrying amount of balances with trade receivables.

B Liquidity Risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	Up to 1 Year	1 to 3 years	3 to 5 years	> 5 years	Total
<u>March 31, 2019:</u>					
Borrowings (including current maturities)	5.30	10.33	6.73	32.54	54.90
Trade Payables	4,661.98	-	-	-	4,661.98
Other Payables	165.63	-	-	-	165.63
	4,832.91	10.33	6.73	32.54	4,882.51
<u>March 31, 2018:</u>					
Borrowings (including current maturities)	4.26	14.21	2.48	38.20	59.15
Trade Payables	2,918.11	-	-	-	2,918.11
Other Payables	514.28	-	-	5.57	519.85
	3,436.65	14.21	2.48	43.77	3,497.11

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(All amounts in Indian Rupees millions, except share data and where otherwise stated)

C Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

C1 . Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on borrowings, as follows:

	Change in basis points		Effect on profit before tax	
	Increase	Decrease	Decrease	Increase
March 31, 2019				
Indian Rupees	0.50%	-0.50%	-	-
March 31, 2018				
Indian Rupees	0.50%	-0.50%	-	-

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

C2 . Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities.

a) Details of Unhedged Foreign Currency Exposure:

The year end foreign currency exposures that have not been hedged by a derivative instrument are as under-

	Currency	March 31, 2019			March 31, 2018		
		Amount in Foreign Currency	Amount in Rs.	Conversion Rate	Amount in Foreign Currency	Amount in Rs.	Conversion Rate
Cash and cash equivalent	USD	18.66	1,281.58	68.69	15.94	1,032.73	64.79
	EUR	0.22	16.81	76.89	0.01	0.62	79.63
Trade receivables	USD	61.54	4,227.26	68.69	64.98	4,210.05	64.79
	EUR	0.03	2.14	76.89	0.16	12.46	79.63
	AUD	0.01	0.45	48.50	0.09	4.29	49.47
	CAD	1.47	75.13	50.97	0.33	16.58	50.00
Advances to material suppliers	USD	1.27	86.94	68.69	0.31	20.33	64.79
	EURO	0.11	8.84	76.89	0.50	40.20	79.63
	GBP	0.01	0.73	89.55	0.00	0.15	-
	YEN	2.13	1.32	0.62	-	-	-



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(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Capital advance	USD	1.96	134.37	68.69	0.03	2.10	64.79
	EURO	3.54	272.55	76.89	0.07	5.23	79.63
	GBP	0.00	0.00	89.55	0.00	0.05	90.95
	CHF	-	-	-	0.01	0.60	69.50
Trade payables	YEN	1.89	1.17	0.62	-	-	-
	USD	30.44	2,111.02	69.35	16.33	1,067.15	65.35
	GBP	0.00	0.06	90.91	-	-	-
	EURO	3.16	246.79	78.17	2.58	208.80	80.90
Capital creditors	YEN	-	-	-	1.95	1.20	0.62
	USD	0.27	18.88	69.35	0.80	52.16	65.35
Advance from customers	EURO	0.29	22.80	78.17	0.11	9.03	80.90
	USD	5.32	369.15	69.35	6.93	453.18	65.35
Revenue received in advance	USD	0.75	52.01	69.35	5.75	375.76	65.35

b) Foreign currency sensitivity:

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in Exchange rate		Effect on profit before tax	
	Increase	Decrease	Increase/(Decrease)	
March 31, 2019				
USD	1.00%	1.00%	31.79	(31.79)
EURO	1.00%	1.00%	0.31	(0.31)
March 31, 2018				
USD	1.00%	1.00%	33.17	(33.17)
EURO	1.00%	1.00%	(1.59)	1.59

38 . Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the period ended March 31, 2019 and March 31, 2018.

39 Commitments and Contingencies

a. Leases

Operating lease commitments - Company as lessee

Operating leases are mainly in the nature of lease of office premises with no restrictions and are renewable/cancellable at the option of either of the parties. The escalation rates range from 0% to 10% per annum as per the terms of the lease agreement. There are no sub-leases. There are no restrictions imposed by lease arrangements. The aggregate amount of operating lease payments recognized in the Statement of Profit and Loss is Rs. 9.98 (March 31, 2018: Rs. 24.84)

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(All amounts in Indian Rupees millions, except share data and where otherwise stated)

b. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for
Other commitments

March 31, 2019	March 31, 2018
1,504.31	312.30
Nil	Nil

c. Contingent Liabilities

	March 31, 2019	March 31, 2018
(i) Outstanding bank guarantees (excluding performance obligations)	24.32	22.51
(ii) Claims against the Company not acknowledged as debts	31.44	33.39
(iii) Demand for direct taxes	0.86	9.63
(iv) Demand for indirect taxes		
Excise duty (Amount paid under protest Rs. 0.35 (March 31, 2018: Rs. 0.35))	4.44	4.44
Entry tax (Amount paid under protest Rs. 22.20 (March 31, 2018: Rs. 22.20))	47.01	44.41
Service tax (Amount paid under protest Rs. 3.64 (March 31, 2018: Rs. 30.15))	98.31	83.04
Value Added Tax and CST (Amount paid under protest Rs. 1.73 (March 31, 2018: Rs. 1.73))	5.30	1.73
Sales tax (Amount paid under protest Rs. Nil (March 31, 2018: Rs. 0.12))	-	0.99

(v) Provident Fund

There are numerous interpretative issues relating to the Supreme Court (SC) judgement on Provident Fund (PF) dated 28th February, 2019. As a matter of caution, the Company has made a provision on a prospective basis from the date of the SC order. The Company will update its provision, on receiving further clarity on the subject.

40 Segment reporting

For management purposes, the Company is organised into business units based on its markets and has three reportable segments, as follows:

Segments are identified in line with Ind AS 108 'Operating segments', taking into consideration the internal organisation and management structure as well as the differential risk and returns of the segment.

Although the Company's operating divisions are managed on a worldwide basis, they operate in 3 major geographical areas of the world, in i) India (its home country), ii) North America and Europe and iii) Rest of World.

For the financial year ended March 31, 2019

	Segment revenue	Carrying amount of segment assets
India	3,877.52	30,915.71
North America and Europe	14,370.91	3,427.60
Rest of the world	2,193.60	882.52
Total	20,442.03	35,225.83

For the financial year ended March 31, 2018

	Segment revenue	Carrying amount of segment assets
India	3,000.13	25,375.47
North America and Europe	12,469.06	3,253.07
Rest of the world	759.74	654.87
Total	16,228.93	29,283.41



Notes to Financial Statements for the year ended March 31, 2019

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

The Company has entire fixed assets situated within India for producing goods to sell in domestic as well as overseas markets. Hence, separate figures for fixed assets/ additions to fixed assets have not been furnished.

41 Exceptional items

Employee Separation compensation

The Board of Directors have approved the discontinuance of service of Dr. Ravi Penmetsa as MD and CEO on a mutual consent basis. As part of the employee agreement an amount of Rs. 200 million has been approved by the Board of directors.

- 42** On May 11, 2018; the Company had acquired 100% of shares i.e., 1 share and voting interest free of cost in Gland Pharma PTE Limited, Singapore ('Gland - Singapore). Pursuant to the letter received from Reserve Bank of India (RBI) subsequently against the acquisition of securities, the Company is in the process of remitting back this share for unwinding the acquisition. Based on the opinion received from the experts, the Company is of the view that Gland Singapore is not a subsidiary as the acquisition is void-ab-initio and accordingly the consolidated financial statements for the year ended March 31, 2019 are not required to be prepared.

- 43** In March 2018, the Ministry of Corporate Affairs ("MCA") has notified Ind AS 115, Revenue from Contracts with customers, which is effective for accounting periods beginning on or after April 01, 2018. This comprehensive new standard supersedes Ind AS 18, Revenue, Ind AS 11, Constructions contracts and related interpretations. The new standard amends revenue recognition requirements and establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Company has adopted Ind AS 115 using the modified retrospective method of adoption and the impact of the same on the financial statements for the year ended March 31, 2019 is not material.

44 Adoption of IND AS 116, Leases.

On March 30, 2019; the Ministry of Corporate Affairs has notified IND AS 116, Leases. IND AS 116 will replace the existing leases standard, IND AS 17, Leases and related interpretations. The standard sets out principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and lessor. IND AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit and Loss. The standard also contains enhanced disclosure requirements for lessees. IND AS 116 substantially carries forward the lessor accounting requirements in IND AS 17. The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 01, 2019. The Company is evaluating the effect of adoption on the financial statements and is of the view that there will not be any significant impact.

45 New standards and interpretations not yet adopted

a) Amendment to Ind AS 12 – Income taxes :

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

b) Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments :

On March 30, 2019; Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, 'Uncertainty over Income Tax Treatments' which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their

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income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company is evaluating the effect of this amendment on the financial statements.

c) **Amendment to Ind AS 19 – plan amendment, curtailment or settlement**

On March 30, 2019; Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

1. To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
2. To recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is evaluating the effect of this amendment on the financial statements.

46 Subsequent events

No significant subsequent events have been observed which may require an adjustment to the balance sheet.

As per our report of even date.

For S.R.BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number : 101049W/E300004

per **Navneet Rai Kabra**

Partner

Membership No. 102328

For and on behalf of the Board of Directors

Gland Pharma Limited

Srinivas Sadu

Managing Director and

Chief Executive Officer

DIN: 06900659

Yiran Peng

Director

Chief Financial Officer

DIN: 07675475

P. Sampath Kumar

Company Secretary

Place: Hyderabad

Date: August 29, 2019

Place: Hyderabad

Date: August 29, 2019

FORM NO. MGT-11**Proxy form**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies
(Management and Administration) Rules, 2014]

CIN:	U24239TG1978PLC002276
Name of the Company:	Gland Pharma Limited
Registered Office:	Sy. No. 143-148, 150 & 151, Near Gandimaisamma 'X' Roads, D.P. Pally, Dundigal-Gandimaisamma (M), Medchal-Malkajgiri Dist, Hyderabad – 500 043

Name of the member(s):
Registered address:
Email ID:
Folio No.:

I/We, being the member(s) of the Company holding Equity shares of the above named Company, hereby appoint

1.	Name:	
	Address:	
	E-mail Id:	
	Signature:	

or failing him

2.	Name:	
	Address:	
	E-mail Id:	
	Signature:	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 41st Annual General Meeting of the Company, to be held on Monday, 30th September, 2019 at 11:00 A.M. at the registered office of the Company situated at Sy. No. 143-148, 150 & 151, Near Gandimaisamma 'X' Roads, D.P. Pally, Dundigal-Gandimaisamma (M), Medchal-Malkajgiri Dist, Hyderabad – 500 043 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Particulars
1.	To adopt the Annual Financial Statements.
2.	To appoint a Director in place of Ms. Guan Xiaohui, who retires by rotation and being eligible, offers herself for re-appointment.
3.	To appoint a Director in place of Mr. Li Dongming, who retires by rotation and being eligible, offers himself for re-appointment

Signed thisday of, 2019

Affix
Revenue
Stamp
of Re.1/-

Signature of Proxy holder(s)

Signature of shareholder(s)

Notes: 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



Survey No.143 to 148 / 150 & 151, Near Gandimaisamma 'X' Roads
D.P. Pally, Dundigal Post, Dundigal Gandimaisamma Mandal, Hyderabad 500043
www.glandpharma.com