Emcure®

SUCCESS THROUGH INNOVATION

ANNUAL REPORT 2019-20

BRINGING HOPE

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Humayun Dhanrajgir
Chairman

Mr. Shreekant Bapat
Independent Director

Mr. Berjis Desai
Independent Director

Mr. Samonnoi Banerjee
Director (Nominee of BC Investment IV Ltd)

Mr. Palamadai Jayakumar
Additional Director (w.e.f. July 22, 2020)

Mr. Satish Mehta
Managing Director & CEO

Mr. Sunil Mehta
Whole-time Director

Dr. Mukund Gurjar
Whole-time Director

Mrs. Namita Thapar
Whole-time Director & CFO

COMPANY SECRETARY

Mr. Sanjay Kumar Chowdhary (upto Nov 01, 2019)
Mr. Jayant Prakash (w.e.f. Dec 07, 2019)

STATUTORY AUDITORS

M/s BSR & Co. LLP, Chartered Accountants

INTERNAL AUDITORS

M/s Price Waterhouse, Chartered Accountants

COST AUDITORS

M/s B. M. Sharma & Co., Cost Accountants

SECRETARIAL AUDITORS

M/s SVD & Associates
Practicing Company Secretary

SOLICITORS

Parinam Law Associates,
Advocates & Solicitors

BANKERS

Axis Bank Limited

Bank of Baroda

Bank of Maharashtra

Export Import Bank of India

Siemens Finance

Aditya Birla Finance Limited

Tata Capital Financial Services Limited

REGISTERED OFFICE

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Bhosari, Pune 411 026.
Tel: 020-30610000
Fax: 020-30610111

Mail us at:
corporate@emcure.co.in

Website : https://emcure.com

CORPORATE OFFICE

Plot P-2, I T - B T Park, M.I.D.C,
Hinjawadi, Pune 411 057
Tel: 020-39821300
Fax: 020-39821400

OUR VISION

"Emerge as a technology driven global player offering high quality and cost effective healthcare"

OUR CORE VALUES

- Integrity
- Innovation
- Quality & Patient Focus
- Team Work & Respect
- Value Driven

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COMPANY OVERVIEW

FINANCIAL STATEMENTS

EMCURE AT A GLANCE

EFFECTIVE MEDICINE FOR CURE

Emcure's name embodies company's purpose and core belief – to make effective medicine accessible to patients, enabling them to lead healthier lives. Since its inception in 1981, Emcure has established a vertically integrated infrastructure for developing and manufacturing a wide range of medicines and marketing them in India and abroad. Emcure is, today, ranked amongst the leading pharmaceutical players in India.

SUCCESS THROUGH INNOVATION

Innovation, one of Emcure's core values, is ingrained in our culture and reflected in all our operations. Our Business Strategy, driven by the entrepreneurial spirit, has led us to adopt different business models across geographies. Emcure's operations are focused towards building a robust product portfolio including differentiated platforms such as Novel Drug Delivery Systems, Biosimiliars, Chiral chemistry, Injectables etc. Emcure aims at creating strong brand equity by promoting top class products. We are oriented towards serving our customers, consumers and community globally and thus we have the highest regard for quality. In a fast changing global pharmaceutical industry, it has been our constant endeavour to equip ourselves with required resources that would aid our growth.

BOARD OF DIRECTORS

NON-EXECUTIVE DIRECTORS


Mr. Humayun Dhanrajgir


Mr. Shreekant Bapat


Mr. Berjis Desai


Mr. Samonnoi Banerjee


Mr. Palamadai Jayakumar

EXECUTIVE DIRECTORS


Mr. Satish Mehta


Dr. Mukund Gurjar


Mr. Sunil Mehta


Mrs. Namita Thapar

SENIOR MANAGEMENT TEAM

Mr. Satish Mehta
Managing Director,
Group Chief Executive Officer

Mrs. Namita Thapar
Whole-time Director,
Chief Financial Officer

Mr. Samit Mehta
President,
Research & Development

Mr. Vikas Thapar
President,
Corporate Development & Strategy

Mr. Sanjay Mehta
President - Commercial

Mr. Sunil Mehta
Whole-time Director

Dr. Mukund Gurjar
Whole-time Director,
Chief Scientific Officer

Mr. Pradeep Vaishnav
President,
Global Human Resources

Mr. William Marth
President and Chief Executive Officer,
North America & Europe

Dr. Sanjay Singh
Whole-time Director,
Chief Executive Officer
Gennova Biopharmaceuticals Ltd.

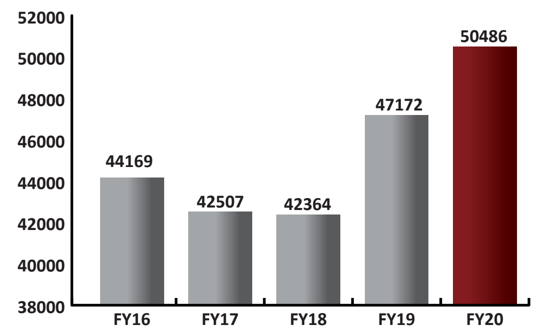
Mr. Prakash Guha
Managing Director,
Zuventus Healthcare Ltd.

Dr. Steven Hagen
Executive Vice President,
Quality Compliance

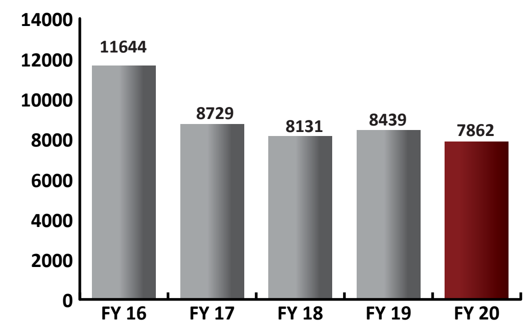
Mr. Frank Katona
Global Head,
Operations

CONSOLIDATED FINANCIAL HIGHLIGHTS

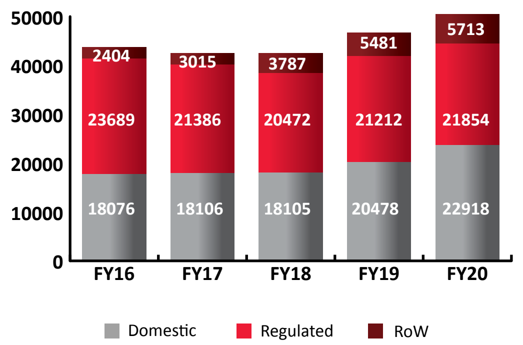
Consolidated Revenues (INR Mn.)



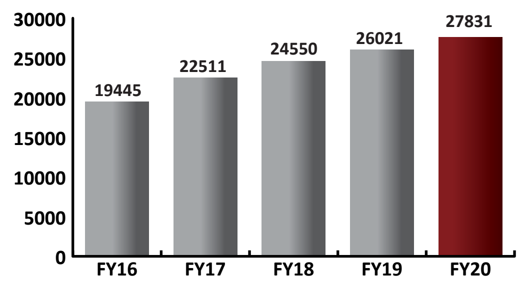
EBITDA (INR Mn.)



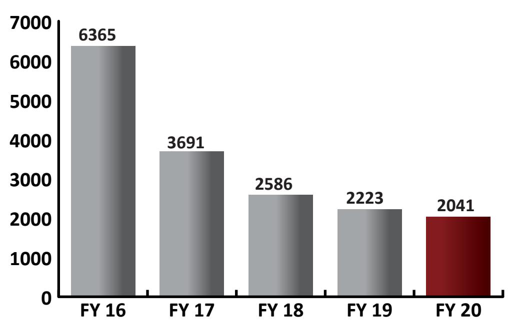
Geographywise Revenues (INR Mn.)



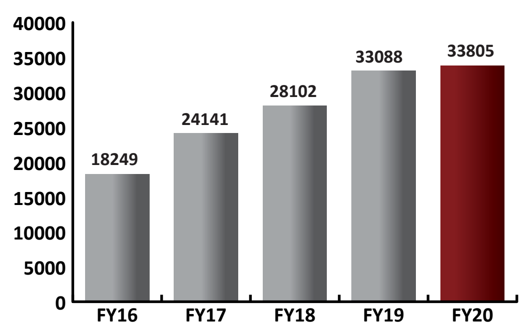
Net Worth (INR Mn.)



Profit After Tax (INR Mn.)[3]



Gross Block (INR Mn.)



Note 1: Figures mentioned above for FY16, FY17, FY 18, FY19 and Fy20 are as per Ind AS.

Note 2: Regulated markets represent Emcure's presence in US , Canada and Europe markets. Rest of the World represents Emcure's presence in countries in Africa, Latin America, the Middle East, and South East Asia and in Australia.

Note 3: PAT represents PAT before Other Comprehensive Income and excludes the impact of exceptional items i.e. legal settlement fees, USFDA remediation consultancy fees and legal fees on account of DOJ investigation in FY16, FY17, FY18, FY19 and FY20 and sale of property in UK, sale of investment in Konsina in FY18, reversal of SAR provision in FY19 and write-off of insurance claim receivable in FY20.

CEO SPEAKS

Dear Shareholders of Emcure,

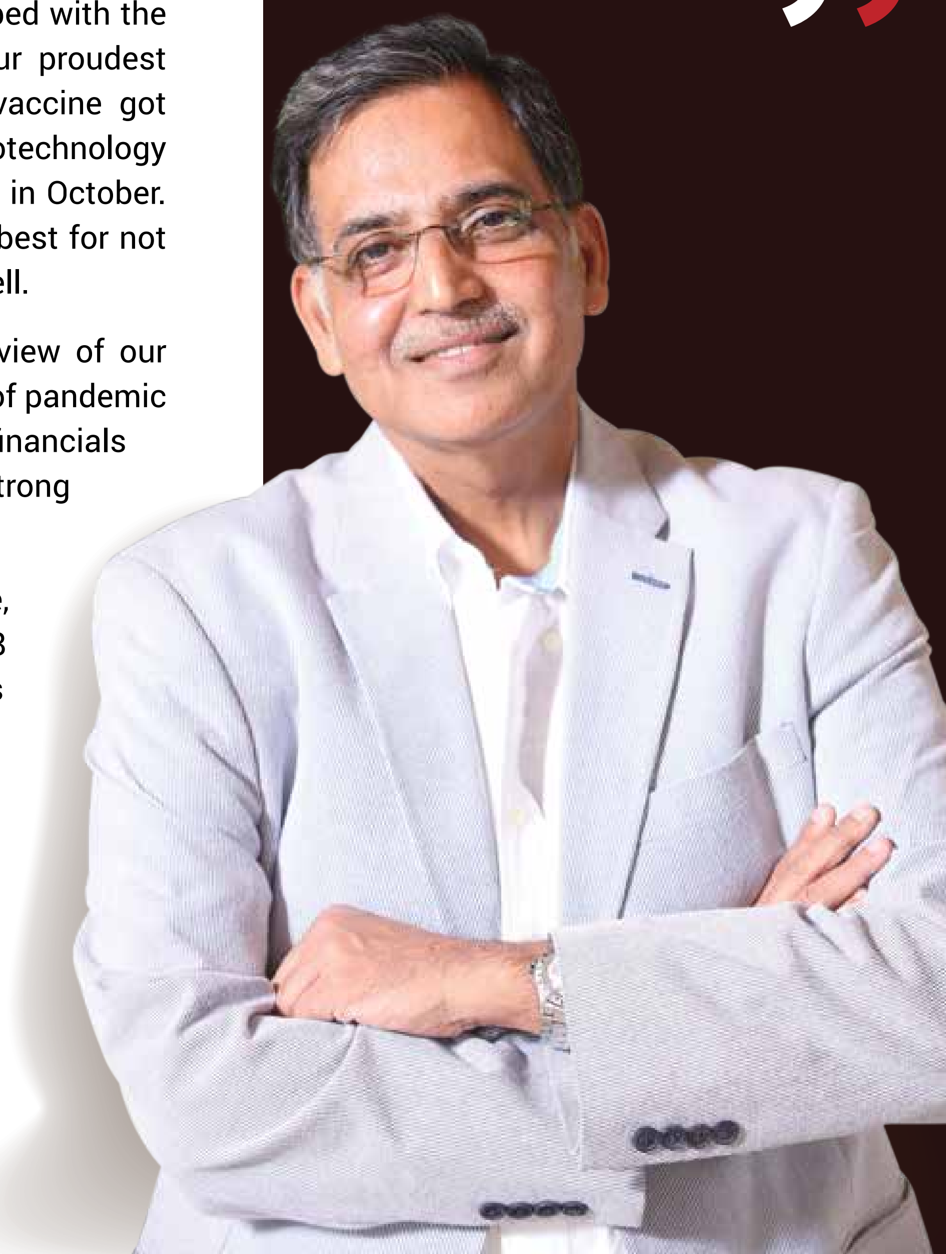
I hope you and your loved ones are staying safe and well in these unprecedented times. Never before has humanity faced such a challenge with far reaching consequences on life and livelihoods !

Being one of the major healthcare companies of our country, we have taken our civic responsibility very seriously and tried our best to address the ongoing challenges. We have distributed over 30 lakh HCQ tablets to all health care professionals, we have distributed PPE kits and masks and also helped with the migrant labourers in our city. Our proudest moment was when our mRNA vaccine got approved by Department of Biotechnology and we plan to start human trials in October. Rest assured we will do our very best for not just our country but globally as well.

I would like to give you an overview of our operations for 19-20. The impact of pandemic was not significant in 19-20 financials and therefore we have shown strong operational performance.

In terms of overall performance, revenue for the year was Rs.5,048 cr, growing at 7% over previous year, EBITDA was Rs. 786 cr (15.6% of sales) and PAT was Rs. 204 cr. We pride ourselves on having a diversified portfolio across key therapeutic areas and geographies and this diversification strategy has helped us and will continue to drive growth year after year.

“Our mRNA vaccine for COVID-19 got approved by Department of Biotechnology and we plan to start human trials in October.”



CEO SPEAKS

The domestic business posted solid growth with revenues of Rs. 2,292 cr, up 12% from previous year, inspite of slower sales in March due to the impact of country wide lockdown. Emcure continues to strengthen its focus in 17 plus therapeutic areas under the leadership of Mr. Pratin Vete, Zuventus continues to grow year over year under the leadership of Mr. Prakash Guha. We remain highly optimistic about this business line. We continue to focus on data analytics and sales force effectiveness to bring in continued cost and productivity gains year over year.

While Europe grew by 7.2% to Rs. 607 cr, Canada posted an impressive 61% growth to Rs. 493 cr. The US business continues to see pricing pressures, new entrants and intense competition among existing manufacturers in the generics market which has led to a decline in US sales. US has shown degrowth of 13% and ended the year at a revenue of Rs 1,074 cr.

The RoW markets gave an outstanding performance growing at 4% to post revenues of Rs. 571cr. The growth is largely attributable to ARV business. In the Non-ARV segment, LATAM markets showed robust growth, followed by Russia and CIS market.

A key component of your Company's growth strategy has been to act on differentiated new product opportunities and make the best of them. Our efforts in R&D driven by Dr. Mukund Gurjar and Mr. Samit Mehta have been unwavering in our pursuit of developing specialty products and identifying opportunities in the domestic and global markets. We are proud to introduce Dynulta (sucro ferric) first time in India at 70% cheaper than the innovator. Our commitment to provide access and affordability to citizens of India continues!

The HR function under the leadership of Mr. Pradeep Vaishnav continues to focus on safety and well-being of our employees. A special mention must be made of HR Director Mr Rajesh Nair who ensured uninterrupted production even during lock down while at the same time taking herculean efforts to ensure safety of our workers. The production and HR team must be applauded for this service to the nation in the face of paranoia and other unforeseen constraints.

We are all aware that FY21 will be a challenging year but our team is working extremely hard to ensure that we stay agile, vigilant so we may adapt and exit the year with responsible growth.

This is a time to serve our country and we are proud to be in healthcare that truly gives us an opportunity to make a difference and make an impact !

We thank you for your continued support over all these years and for helping us deliver value. Thank you for placing your trust and faith in us.

RESEARCH AND DEVELOPMENT

- Emcure's R&D efforts are dedicated towards development of differentiated pharmaceutical formulations, sophisticated characterization of complex molecules and product and process improvements to achieve better quality and productivity. The company has been growing its in-house Research and Development infrastructure and capability to develop a strong market position through differentiated products.

- The Research and Development team at Emcure comprises of more than 450 highly qualified scientists, including 10 post doctorates, 40 PhD's and 352 postgraduates. Emcure's R&D activities are spread across its 9 dedicated facilities, located in Pune (Bhosari, Hinjawadi, Pimpri), Ahmedabad and New Jersey. Of the 9 R&D centers, two are focused towards API research, five towards Formulations research and two towards Biotechnology research.

- In the current year, Emcure invested 4% of total sales in R&D activities, in line with our commitment to focus on R&D and build a strong and robust product pipeline. We are undertaking more complex products in our R&D portfolio, that coupled with the increase in regulatory guidelines and requirements has led to an increase in investment.

- Emcure's in-house regulatory affairs unit has significant expertise in filing product dossiers with regulators in the United States, the European Union, WHO-PQ and other jurisdictions and is capable of submitting DMFs, ANDAs and Marketing Authorizations in common technical document ("CTD") format.

RESEARCH AND DEVELOPMENT

Patents and ANDA Filing updates:

- Emcure has made 2 ANDA product applications (including 1 injectable and 1 solid oral products) in FY20, taking the total number of ANDA filing as on March 31st, 2020 to 301 (including 28 Para-IV's). Total of 5 First to File products have been filed till date.
- Of this 184 products are approved and 06 products are tentatively approved as on March 31st 2020.
- 4 US DMF applications were made in FY20, taking the total number of DMF filings to 115 (96 DMFs Active. Apart from this Emcure has filed 6 EU DMFs, 7 DMFs in Canada & 1 DMF in Australia (totally 18).
- As on 31st March 2020, 402 patent applications have been made, including 43 PCT applications. Total of 153 patents have been granted.

API Research

API research at Emcure focuses on synthesizing molecules that match the innovator product in the most robust and cost effective manner. With a commitment to deliver high quality and cost efficient healthcare to our customers, the API R&D team strives to develop efficient and robust process for generic compounds at a fraction of the available costs. The five pillars that form the base for API research in Emcure are:

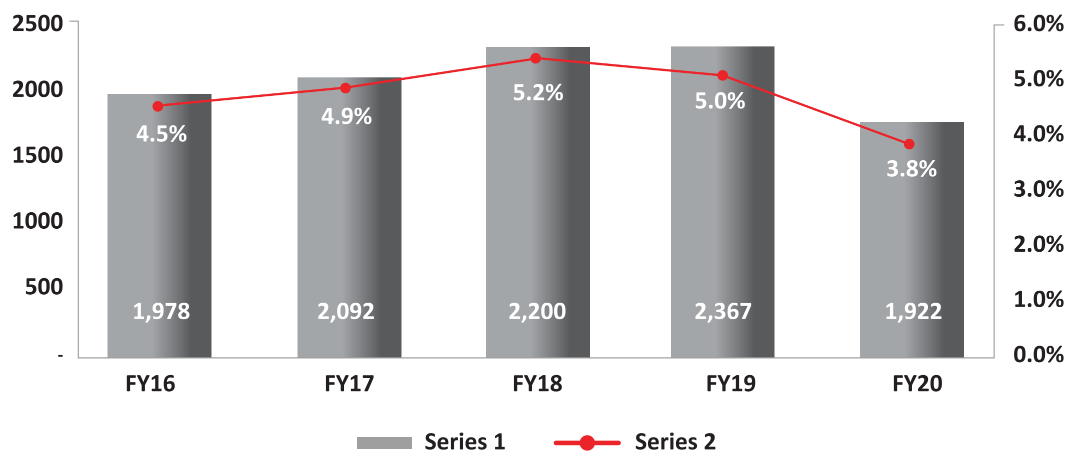
- **Chiral Chemistry:** Emcure is recognized as the pioneer in chiral chemistry. Emcure has effectively developed and marketed 11 chiral molecules which have demonstrated greater effectiveness, safety and require lesser dosage than their non-chiral counterparts For e.g. S(-) Amlodipine Besilate, S (-)Metoprolol Succinate, Dexrabeprazole Sodium, S(-) Etodolac, Dexketoprofen Trometamol.
- **Polymer Based Chemistry:** Emcure has commercialized in India API's like Sevelamer Hydrochloride and Sevelamer Carbonate that are based on Polymer based chemistry.
- **Peptide Chemistry:** Our focus of research in this area involves both solid phase and solution phase peptide synthesis chemistry. The most critical segment of peptide research is the high end separation of peptides in order to ensure their structure, purity and potency. Emcure has perfected the science of separation of peptides at manufacturing scale by implementing state-of art technology along with the development of high-end skill set. The peptide chemistry has been demonstrated in Atosiban Acetate. It is used intravenously to halt premature labor.
- **Complex Generic API's:** These products, owing to their complex structural parameters, require unique process maneuvering. Also, the characterization and bioequivalence studies, as per the USFDA guidelines, require sophisticated spectroscopic and biochemical analysis. All these requirements are built in- house to ensure safety and efficacy of complex generic APIs. We have already developed and commercialized some of these products, such as iron preparations and low molecular weight heparin, in the Domestic Market. A novel process for Treprostinil containing 5 chiral centers has been commercialized. The novelty resides in asymmetric Posankhand reaction.
- **Onco products:** Emcure had always been a market leader in onco-products for both domestic market as well as regulated market. Keeping that commitment to the customers we have been able to develop extremely complex API's entailing multi-step transformation and concomitant generation of chiral centers. The onco product Eribulin involving 45 steps synthesis has been successfully commercial in Indian market. Incidentally 'EMBREMMA' is 1st generic developed by Emcure in the world.
- **Photo-Chemistry:** - Emcure has developed expertise to deliver complex generics via phytochemical transformations. Delivery of these products needs customized reactor design which with intricate photochemical reactor design. These products can only be delivered with mellifluous integration of state-of-art engineering and complex chemistry which Emcure has mastered.

RESEARCH AND DEVELOPMENT

Formulations Research

- Emcure's formulation research is centered towards developing multiple dosage forms and novel drug delivery systems, capable of greater efficacy and better patient compliance.
- Ongoing product research is focused on dosage forms including:
  - Conventional solid dosage forms such as immediate release tablets/capsules, effervescent tablets, soft gelatin capsules, orally disintegrating tablets/flash tablets;
  - Modified release dosage forms like delayed release tablets/capsules, MUPS, tablet in tablet, Pulsatile drug delivery system, osmotic drug delivery system, Extended/Controlled Release dosage forms, Time release dosage forms;
- Conventional Parental preparation including sterile solutions and suspension; oncology and non-oncology products;
- Lyophilized oncology and non-oncology products;
- Novel injectable products (Nano-suspension and nano-emulsion injectables, liposomal drug delivery system and Long acting (Microspheres) injection);
- Oral liquids (solutions, suspensions);
- Transdermal Drug delivery system (Adhesive matrix, Hydrogels, Reservoir Drug delivery system);
- Respiratory products (inhalers).

Research and development expense as % of sales



RESEARCH AND DEVELOPMENT

Biotechnology Research

Biosimilars:

- Our research on biosimilars use all three expression platforms, mammalian, yeast and bacterial, and perfusion-based bioreactor systems. We focus on developing recombinant therapeutic innovator products in three main therapy areas - Cardiovascular, Nephrology and Oncology. Some of our biosimilar manufacturing processes are patented in India.

Vaccines and mAbs:

- We have various vaccines and mAbs programs in the development phase that are funded by public- private partnerships. Funding for our vaccines and mAbs research has allowed us to collaborate with leading medical institutions on several blood stage and transmission blocking malaria vaccine candidates. These partnerships allow us to build our analytical capabilities as we build our in house mAbs program using perfusion based production system.

MANUFACTURING

- Emcure's manufacturing operations are spread across 11 manufacturing facilities, 10 in India (Pune, Sanand, Kurkumbh, Sikkim, Bangalore and Jammu) and 1 in New Jersey, United States.

- Emcure took a number of meaningful steps towards developing supply chain processes and systems to support high levels of growth and the increased complexities associated with becoming an exceptional competitor in the global markets. Experienced industry professionals responsible for Global Supply Chain and Procurement were added to the management team. With this new functional leadership, a disciplined Sales and Operations Planning process has been implemented and is expected to improve key performance indicators across the enterprise including customer service, inventory management, manufacturing efficiency and new product time to market.

- Your company continues to invest in improvement of manufacturing facilities to keep them up to expectations of various Regulators (including USFDA where we are undergoing remediation efforts) and for capacity expansion requirements.

- The Hinjewadi Oral Solid Dose facility completed a robust inspection preparation program designed to assure the facility is 'inspection ready' on any given day and is very well placed for the next USFDA audit.

- Progress continued at our Sanand facility with the installation and commissioning of a new higher speed filling line for terminally sterilized

MANUFACTURING

products and successful approval for use by USFDA. In addition, successful completion of our aseptic liquid /lyophilized filling line has allowed us to initiate a robust plan of registration batches for these products as well.

- The Oncology area embarked upon a very focused output increase/efficiency improvement program that when complete will significantly add to our capacity and favorably contribute to our manufacturing cost targets and supply reliability.

- The Hinjewadi facility, which is our major campus for supplying products to the regulated markets, was placed under import alert by US FDA in July 2015. In response to the event, the company has implemented series of changes that have systemic impact including hiring new mid and senior level managers, investing heavily in employee training and automation of manufacturing activities.

- Key organizational changes within our manufacturing sites and functional areas were implemented addressing targeted improvement areas. Among these were the formation of designated 'Investigation management' teams within all sites to better identify, evaluate and address manufacturing batch processing failures. In addition, the site leadership organizations and hierarchy across the sites were refined, eliminating layers and increasing the shop floor supervision and leadership engagement at the appropriate levels.

- Significant progress has been made across all facilities with improvement in many key quality and supply reliability measures

- We remain committed and steadfast on our focus to maintain high quality standards and streamlining its manufacturing procedures to ensure compliance with increasing regulatory requirements.

- During the year, our facilities were audited by several regulatory authorities and received the below approvals:
    - Oncology and Injectables Plants in Hinjewadi were approved by Croatian, Korean, Australian and Canadian regulatory authorities.
    - Hinjewadi Oral solid dosages plant was approved by Croatian, Australian and Canadian regulatory authorities.
    - Sanand (Injectables plant) was approved by the Croatian regulatory authorities.
    - Also, during the year, US FDA approved our Kurkumbh (API) facility.

Manufacturing capabilities:

1. Solid Orals:

- Our solid oral manufacturing capability is spread across different forms including conventional immediate release dosage forms, modified release dosage forms which include tablet and capsules, soft-shelled capsules, dissolvable and chewable tablets and hard and soft-shelled capsules, multi-particulate dosage forms, osmotic Drug delivery systems.

- We have taken various steps to enhance and improve our production capabilities: -
    - We have enhanced our capacity for Immunosuppressants from 2 million tablets to 10 million tablets/capsules per month by overhauling the equipment.
    - We have implemented Track & Trace systems in the packaging units in line with global compliance requirements.
    - All our manufacturing equipment has been upgraded to 21 CFR Part 11 compliant, in line with requirements in the regulated markets.

MANUFACTURING

2. Injectables:

- We handle different packaging formats, such as vials and pre-filled syringes, and forms, such as lyophilized and liquid at our injectable facilities. We are also capable of producing high potency injectable, particularly oncology products through complex processes.
- Our Sanand and Hinjewadi facilities are equipped to handle commercial scale manufacturing of most complex injectable dosage forms i.e. nanosuspension, Liposomal and Long acting injectables. We have commissioned state of art fully automated manufacturing SKID for robust process and consistent quality.

3. APIs:

- Having dedicated API manufacturing facilities is an added advantage as it helps in vertically integrating the company's manufacturing operations and helps to control quality and cost.
- Two of our facilities, Kurkumbh and Pimpri are dedicated towards API manufacturing. The Kurkumbh plant has separate blocks that simultaneously manufacture distinct API's like intermediates, iron compounds, general purpose API's and Cytotoxic drugs.

  An independent Corporate Quality and Compliance team, led by Dr. Steven Hagen, monitors and regulates all activities related to quality, health and safety at our manufacturing facilities, through timely reviews and audits.

HUMAN RESOURCE

At Emcure HR is an architect which aligns human capital with the continuously changing business and industry landscape and strategy. Our focus for 2019-20 was in creating a healthy, friendly work environment and being a forward looking tech-driven HR community.

Key Initiatives for 2019-20:

Manufacturing Organization Structure - Role Re-alignment and Optimization Process -

a) A comprehensive role- mapping exercise was undertaken for all designations resulting in a leaner organization structure with better role clarity.

b) Introduction of Role based Job-Description (JD) across functional layers resulted in well-defined accountability and responsibility factor.

c) Cost center optimization with focused objective of precise operational cost bought reduction in operational cost. The new system also brought in faster processing of approvals.

HUMAN RESOURCES

Project Shubharambh:

This project was initiated with an objective of creating a talent pipeline at entry level. 50 Fresh graduates were picked up from colleges and they were put through stringent role- based training for 6 months before inducting them on to the shop floor.

Tech Transformation – HRMS

Introduction of HRMS (Darwin Box) has been a crucial step in making HR a technology driven function. Some of the key improvements are: -

a. Brought all HR processes on a single platform which is a leap towards going paperless with all-time accessibility to employees through mobile enabled applications.
b. Migrated the Performance Management System (PMS) to an online process from a traditional paper-based practice, making it faster, leaner and transparent.
c. A Recognition platform was created where employees can recognize their peers, superiors or reports for upholding the core values of the company or appreciating/recognizing individuals.
d. Continuous 360 degrees' feedback as a tool was introduced for making meaningful impact in performance of supervisors and managers.
e. Recruitment process was upgraded from manual filing of requisition form and employee onboarding formalities to an automated online process this brought about a noticeable change in the entire Talent Acquisition process.

Learning and Development

Our Corporate L&D and Marketing training team continues to facilitate Learning & Development initiatives to build professional capabilities and enhance employee business technical and leadership/ behavioural skills. These capability building initiatives cover employees across all grades, functions and locations to enhance productivity and sustain a healthy work culture. For FY 19-20 over 30 plus Lead Programs on behavioral/leadership and technical competencies were conducted which covered over 6000+ employees. Some highlights are as below:

a. Creating coaching culture "Performance Based Coaching: i-COACH programs" were conducted for Sales Managers from India Business covering more than 350 managers.
b. Initiated facilitation of Leadership trainings for Marcan at Canada
c. Continued to support Tillomed for Learning & Development initiative and conducted trainings at Luton, UK for Tillomed team members
d. Conducted Assessment/ Development Center covering 500 plus employees from plants and various functions under initiative brand "Emcure: i-Develop"
e. Six Sigma Green belt certification as part of Operational excellence for Operation and R&D
f. Programs like Design Thinking for new age of Thinking & Business Financial Acumen "How Do We Make Money" were conducted for managers.
g. "Leading with Self-Change – Vikasachi Navi Dalne: Phase 4" was conducted for permanent operators at all manufacturing plant of Pune, Kurkumbh & Jammu covering more than 400 plus employees
h. Sales force capability building trainings continued for both HO and field levels employees, covering pan India.

HUMAN RESOURCES

L&D Initiatives at Marcan

Tillomed Team L&D session

Visual Factory Management Training for Operational Excellence Team

Training Session at Hinjewadi manufacturing facility

HUMAN RESOURCES

Prerna

Prerna is a platform where concerted efforts are taken by the company to groom our women colleagues in their professional career as well as personal lives.

Large number of women empowerment initiatives are conducted, exclusively for women Emcureans which include interactive sessions by prominent women personalities, wellness sessions, training programs, lunch sessions with women leaders of the company.

International Women's Day is celebrated with great enthusiasm by the Prerna members wherein they get an opportunity to showcase their theatrical talent.

This year Prerna members also had the opportunity to interact with Ms. Sudha Menon, a well-known writer who spoke about 'Reinventing Yourself' and Ms. Roopa Purshottam who dwelled on 'Importance of Managing Finances'.

Interactive session with adolescent girls about personal hygiene

Emcure Cricket League 2019-20

Women's Day celebrations

Lunch Session with a woman leader, Manisha Sonavadekar

Ongoing Employee Engagement Initiatives:

To foster mental and emotional connect of the employees with the company, well-orchestrated employee engagement initiatives are organized annually which are highly participative and well received by employees at all levels.

Celebrating Pharmacist Day, Engineer's Day, Women's Day in addition to all festivals are the popular events on the Employee Engagement calendar. The Annual Traditional Day is one of the most popular events, which witnesses the largest participation and is celebrated with great pomp and fervor as glimpsed below:

HUMAN RESOURCES

I. Slow Cycling Competition which demanded clear mix of body balance and strategy. Over 200 employees participated.
II. Inter-Unit Box Cricket tournament drew huge response was equivalent to a mini IPL for Emcureans.

Spot Awards ceremony

R&R program & Spot Awards ceremony at Hinjewadi

Traditional Day Celebrations

Trip to Tikona arranged for manufacturing facility employees

Emcure Cricket league

MANAGEMENT
DISCUSSION & ANALYSIS

Global pharma landscape

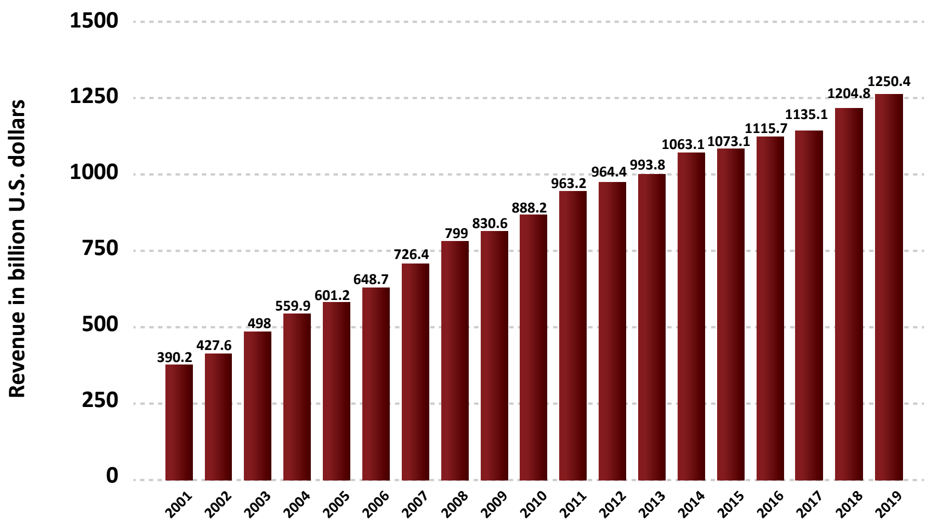
- The global pharma market has experienced significant growth and is valued at $1.25 trillion (2019).
- Global pharma sales increased at a 3% compound annual growth rate (CAGR) since 2014, slowing from a 4% rate seen in 2009-2014.
- Most developed and pharmerging markets will see slowing rates of growth in the next five years compared to the last five, with rates between 1-4% and 5-8%, respectively. In developed markets, the projected growth is slowing due to effects of pricing controls and loss of exclusivity and are mildly offset by continued emergence of new therapies.

MANAGEMENT DISCUSSION & ANALYSIS

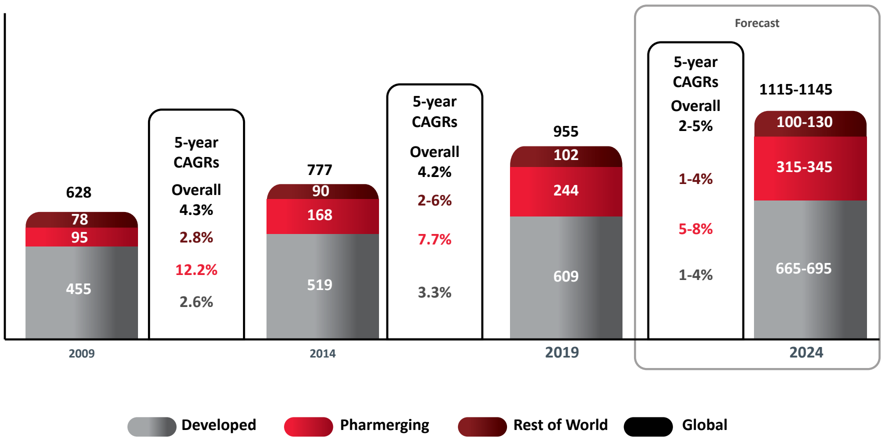
- Most pharmerging market growth was previously driven by health care access expansions, resulting in greater use and adoption of novel therapies. These include specialty medicines, which are projected to contribute more to spending than in previous periods. However, most of the products used in these countries are generics, which aid in keeping spending low despite expanding volume. As a result, most countries are projected to have slower growth than historical CAGRs.

- The industry is facing several challenges this year – political and economic uncertainty with Brexit, US/China Trade war, upcoming US elections and the ongoing COVID pandemic. With US elections coming close, US pharmaceutical pricing issue and healthcare reform will gain greater focus.

Pharma Industry Revenue



Global Medicine Net Market Size and Growth 2009-2024, Constant US$Bn



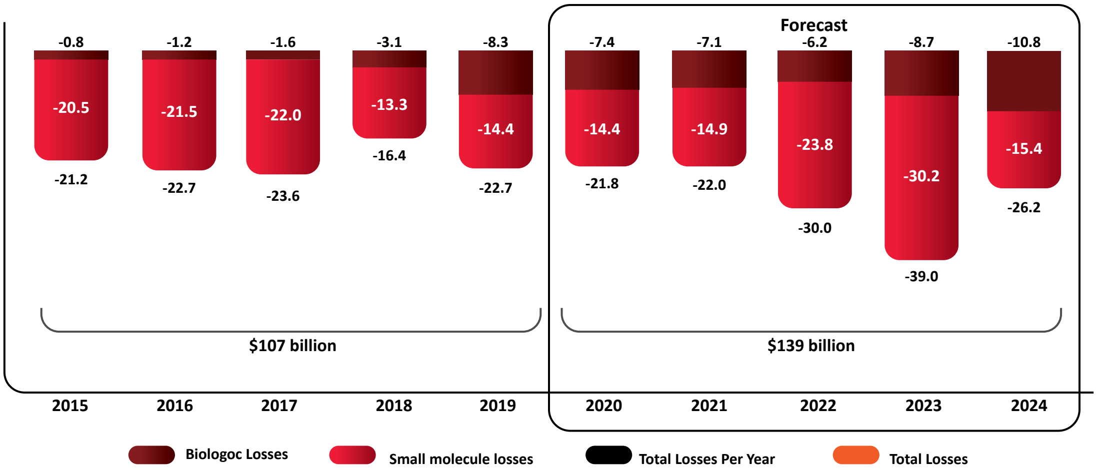
MANAGEMENT DISCUSSION & ANALYSIS

Emerging Trends:

Loss of exclusivity

- The expected impact of losses of exclusivity globally is expected to be $139 billion between 2020 and 2024.
- In the next five years, this will help improve health outcomes as generics bring greater availability of medicines at lower cost and will expand access across markets.

Developed Markets Lower Brand Invoice Spending Due to Loss of Exclusively, Constant US$Bn

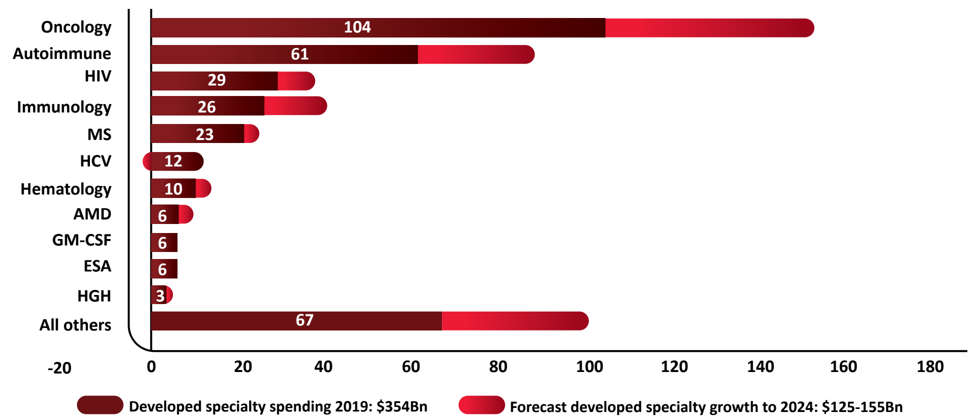


Source: IQVIA Market Prognosis, Sept 2019; IQVIA Institute, Jan 2020

Specialty medicines

- Specialty medicines spending is projected to account for 40% of global spending in 2024 and is expected to reach 52% in 2024 in developed markets. New specialty products are increasingly in the niche areas, including oncology and autoimmune therapies.

Specialty Invoice Spending by Theorapy Are in Developement Markets, Constant US$Bn



Source: IQVIA Market Prognosis, Sept 2019; IQVIA Institute, Jan 2020

MANAGEMENT DISCUSSION & ANALYSIS

Biosimilars

Biosimilars are expected to gain traction over the next 5 years. Over the next 5 years $40bn of biologics will lose patents vs $7bn in last 5 years.

Regulatory approval process is seeing more clarity allowing for more competition.

Local manufacturing

Local manufacturing focus is seeing increased political noise across geographies in the wake of COVID crisis. US and India both have rolled initiatives to encourage local manufacturing.

Vaccines/Injectable demand

Post COVID, vaccine manufacturing has become a focus area. While there are multiple vaccine candidates under development, the key bottleneck is likely to be manufacturing capacity.

In this scenario, injectable plant demand could see a sharp increase as plants are re-purposed for injectables.

COVID Impact on the Industry

The coronavirus (COVID-19) pandemic which originated in China has infected almost 20m people worldwide and has claimed over 800,000 lives. Despite measures taken by various countries to contain the spread of the virus, it has the potential to create devastating social, economic and political effects. The widespread closures to contain the spread of the virus have altered the economic landscape.

At present, there is no approved treatment or vaccine for COVID-19. The uncertainty of the duration of the crisis is likely to shrink the global growth dramatically. Below are a few key trends observed in the pharmaceutical industry:

- Supply chain disruption: With COVID 19 pandemic, supply chain has come to a grinding halt. The rise in input cost, interruption of production schedules and shut down of factories has resulted in increased prices.

  China accounts for 20% of world's API output and Indian pharmaceutical industry imports 85% of those ingredients from China. Over dependence on China exposes it to price volatility and supply disruptions. The crisis has triggered a need for backward integration. Also, world businesses and leaders are looking for alternative low cost nations to source their supplies and India could possibly benefit from this.

- Demand of Medicines: Increased unemployment has negatively impacted consumer spending on medicines. Also, with the current focus across nations being on managing the COVID crisis, there has been a reduction in spending on routine healthcare.

  In the near term, we could see a fall in treatment initiation for chronic illnesses. But simultaneously this may cause a steep rise in repeat prescriptions as patients stock up in anticipation of a lockdown.

- Delays in Innovation: With pharma companies focusing on crisis management, a number of new clinical trials have been delayed.

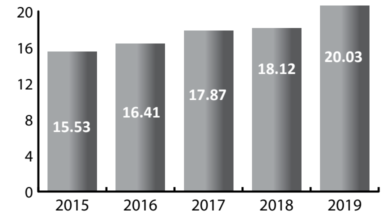
- Change in interactions with healthcare professionals: With lockdowns and travel restrictions, in-person interactions with healthcare professionals have reduced. Although, efforts have been made to shift to virtual/online support, they have been accepted with varying degrees of support across therapy areas.

MANAGEMENT DISCUSSION & ANALYSIS

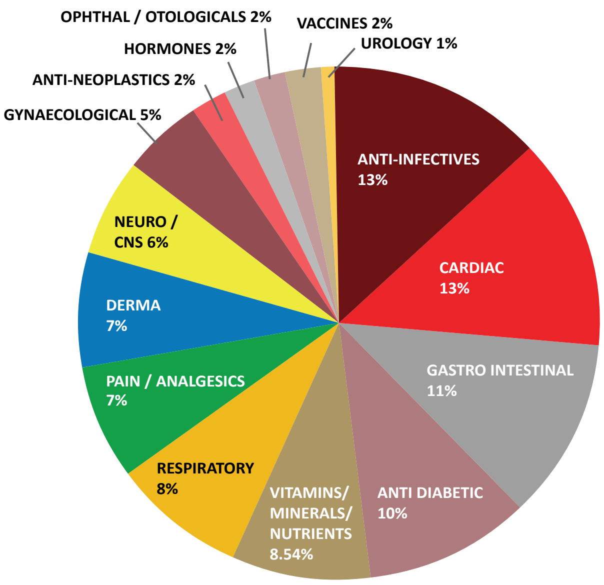
The Indian Pharmaceutical Market

- Indian pharmaceutical industry supplies over 50 per cent of global demand for various vaccines, 40 per cent of generic demand in the US and 25 per cent of all medicine in the UK. India accounts for 20% of global exports of generics and India's pharmaceutical exports stood at $13.69b (up to January 2020).
- India's domestic pharmaceutical market turnover reached Rs 1.4 lakh crore (US$ 20.03 billion) in 2019, growing 10 percent year-on-year.
- Medicine spending in India is projected to grow 9-12 per cent over the next five years, leading India to become one of the top 10 countries in terms of medicine spending.
- As per ICRA, the Indian pharmaceutical industry is likely to still grow at 4-6% in 2020-21 despite the challenges faced. Over medium term it still expects Indian pharma to growth at 8-11% over FY20-23
- Presently, over 80 per cent of the antiretroviral drugs used globally to combat AIDS (Acquired Immune Deficiency Syndrome) are supplied by Indian pharmaceutical firms.
- Indian pharmaceutical sector is expected to grow to US$ 100 billion by 2025.
- Indian companies are likely to focus on development of specialty medicines or complex generics to augment their portfolio and increase share in world exports.
- The growth will be led by growth in sales of cardiac medications and anti-diabetes medications, an indicator of the growing burden of chronic lifestyle diseases.

Revenue of Indian Pharmaceutical Sector (US$ Billion)



Source: ibef.org



IPM – Mix by therapeutic segment

MANAGEMENT DISCUSSION & ANALYSIS

Government Initiatives

Healthcare sector is seeing increased focus by the Government of India. It has over past few years launched multiple schemes to increase health access and promote the manufacturing sector. Some of the key government initiatives to promote the pharmaceutical sector in India are as below:

Pharma Vision 2020: It is a Government commitment to make India a global leader not only in the production of low cost generic medicines but also to make it a drug discovery and Innovation powerhouse in end to end drug manufacturing. As part of the vision, the Government plans to set up a nearly 1 lakh crore fund to encourage companies to manufacture pharmaceutical ingredients domestically by 2023.

Union Budget focus: Under Budget 2020-21, allocation to the Ministry of Health and Family welfare was increased to $9.3b. The Centre recently has committed Rs. 15,000 crore for health related measures to combat COVID-19 outbreak.

FDI: The Union Cabinet has given its nod for the amendment of existing Foreign Direct Investment (FDI) policy in the pharmaceutical sector in order to allow FDI up to 100 per cent under the automatic route for manufacturing of medical devices subject to certain conditions.

Pharmaceutical Parks: GoI is planning to set up bulk drug parks to reduce dependence on raw material imports. In Oct'19, Telangana government proposed, "Hyderabad Pharma City" with financial assistance from the Central Government. The UP Government is also to set up six pharma parks with best in-class infrastructure and technology.

Pharmaceuticals Purchase Policy (PPP): In November 2019, the Cabinet approved extension/ renewal of extant Pharmaceuticals Purchase Policy (PPP) with the same terms and conditions while adding one additional product namely, Alcoholic Hand Disinfectant (AHD) to the existing list of 103 medicines till the final closure/strategic disinvestment of Pharma CPSUs.

Growing health insurance: The Government has allocated $4.8b towards National Health Mission under which rural and urban people will be benefited. Also, 6,400 crore has been allocated to health insurance under Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana (AB-PMJAY). The National Health mission scheme is the largest government funded healthcare programme, which is expected to benefit 73m poor families in the country by providing a cover of up to 5lakh per family per year on a floater basis in the impaneled hospitals scross India. With the COVID pandemic, the Govt. also announced that it will provide health cover of 50 lakh per person to front line health workers, sanitization staff, paramedics, nurses, and doctors. Adoption of health insurance is increasing in the country and further penetration would drive the expansion of healthcare services and pharmaceutical market.

Jan Aushadhi: The Government has set up Jan Aushadhi Kendras across the country to provide quality medicines at affordable prices.

Overview

Emcure Pharma

- Emcure is an integrated global company, engaged in developing, manufacturing and marketing broad range of pharmaceutical products across countries.
- The Company has a global presence and sells its products in India, the United States, Canada, Europe and emerging markets including countries in Latin America, Asia Pacific region and Africa.
- We have around 10,000 + employees with close to 400 located outside India.
- Majority of our revenues are from sales of differentiated pharmaceutical products developed in-house and those in-licensed by leveraging our relationships with multi-national pharmaceutical companies. Most of these are commercialized through our marketing infrastructure across geographies.
- The consolidated revenue of the Company was Rs. 50,486 Mn in FY 20, posting a growth of 7% over previous year, primarily driven by growth in the Domestic and Emerging markets along with Canada and Europe.

MANAGEMENT DISCUSSION & ANALYSIS

- Through our portfolio of products, we operate in multiple therapeutic areas primarily gynecology, cardiac, dermatology, anti-infectives, anti-retrovirals, gastrointestinal, respiratory, oncology, cardiovascular, pain management and vitamins.

Business performance

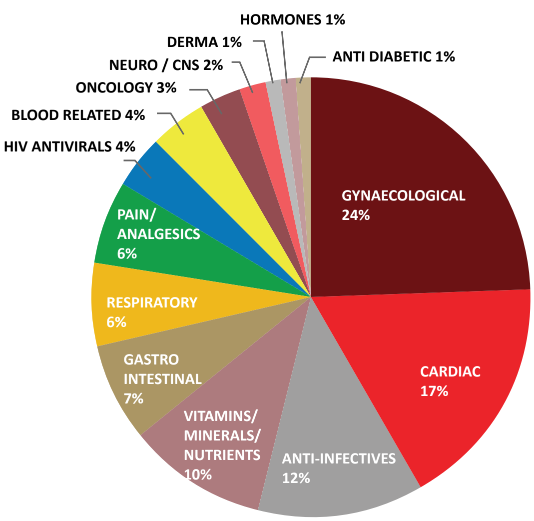
Domestic business

- Emcure's India business continues to be the most important market for the company, constituting 45% of the turnover. Domestic business contributed Rs.22,918 Mn to revenues, a growth of 12%. Emcure has established its presence in all the major therapeutic areas and created a niche position for itself in the domestic market.
- With our focus on building the width of portfolio, we have become one of the market leaders in many of the therapy areas that we operate in.
- In terms of industry comparison, Emcure is ranked 13th in terms of sales in the domestic market [Source: AIOCD MAT Mar'2020].
- In terms of therapies, we are ranked No.1 in HIV , No.1 in Gynecology, 2nd in Blood related therapy, 9th in Cardiac therapy, 8th in Vitamins/ Minerals/Nutrients. [Source: AIOCD MAT Mar 2020]. Emcure's 8 brands feature in the Top 300 Brands of the Indian pharma market.
- Emcure has a strong field force of 5,000+ professionals that engage with doctors across specialties which has lead Emcure to create its dominance in the Indian market.
- At the heart we are committed to providing affordable care and that is evident from our recent launch of Vylda (Vildagliptin) with an aim to offer high-quality and proven-cost-effective treatment for Type II Diabetes.
- During the year, Emcure launched products primarily under the Gynecology, Vitamins, Anti-infectives, Hormone and Gastro therapies.

Rest of the World (ROW):

- Revenue from RoW markets was Rs. 5,713 Mn in FY20 representing 11% of global revenues. Revenues have grown 4% over previous year.
- Our key markets in the RoW markets are Russia, Brazil and Mexico.
- Growth was led by key launches and market share gains in CIS and South East Asian markets.

Domestic mix by therapy



Emcure rank by therapy	Emcure Rank		5 year CAGR growth	
	FY19	FY20	Emcure	Industry
GYNAECOLOGICAL	1	1	13	7
CARDIAC	9	9	5	10
ANTI-INFECTIVES	15	14	12	6
VITAMINS / MINERALS / NUTRIENTS	8	8	9	8
GASTRO INTESTINAL	20	16	14	7
RESPIRATORY	15	13	16	9
PAIN / ANALGESICS	18	16	10	8
HIV ANTIVIRALS	1	1	21	8
BLOOD RELATED	2	2	-3	7
ONCOLOGY	14	12	2	6
NEURO / CNS	22	21	20	8
DERMA	32	37	137	10
HORMONES	9	10	23	9
ANTI DIABETIC	37	35	-3	14
OTHERS	15	12	15	6
VACCINES	15	16	16	7
ANTI MALARIALS	12	12	-13	-3
SEX STIMULANTS / REJUVENATORS	23	21	41	8
UROLOGY	60	114	-60	13
STOMATOLOGICALS	105	97	--	11
OPHTHAL / OTOLOGICALS	163	156	-83	7

Source: AIOCD MAT Mar'20

BRAND BUILDING IN DOMESTIC MARKETS

Emcure has established its presence in all the major therapeutic areas and created a niche position for itself in the domestic market. With our focus on building the width of portfolio, we have become one of the market leaders in majority of therapy areas that we operate in.

Emcure is ranked 13th as per AIOCD in terms of sales in the domestic market. Emcure is ranked No.1 in Gynecology, 2nd in Blood related therapy, and 9th in Cardiac therapy. [Source: AIOCD MAT Mar'2020]

Key brands

BRAND BUILDING IN DOMESTIC MARKETS

Emcure has launched several key molecules across therapy areas, making its portfolio more comprehensive and patient-centric.

New Brands

MANAGEMENT DISCUSSION & ANALYSIS

Our performance in the regulated markets

Regulated business:

- Our regulated business touches geographies in the United States, Canada and 25+ countries in Europe.
- The business posted revenue of Rs. 21,854 mn, and witnessed 3% growth during the year, driven by robust growth in Europe and Canada, which was offset by decline in US sales.
- Revenue from the US business was INR 10,740 mn representing 21% to global sales. Revenue witnessed a decline over previous year by 13% primarily due to:
    - Pricing pressures and intensified competition
    - The Hinjewadi facility, which was the primary plant for supply to the US market remained under import alert throughout the fiscal year, which hampered our ability to launch new products.
- Our R&D team continued to file new product and API applications - 2 ANDA products applications (1 injectable and 1 solid oral product) and 4 US DMF applications were made during FY20

Europe:

- The Company's business in Europe posted revenues of Rs. 6,069 Mn constituting 12% of global revenues. The business witnessed 7% growth over previous year driven by growth in the base business and penetration in the new geographies.
- We continue to proliferate product presence across European markets through new product registrations of Emcure pipeline and extending existing product dossiers across Europe through MRP/DCP process. During FY20, 6 EU DMF applications were filed across key EU markets.

Canada:

- The Canadian business posted a 61% growth over previous year with a revenue of Rs. 4,934 mn driven by increase in market penetration, consolidation of base business and new product launches.
- The business is poised for growth with a robust pipeline of Emcure and 3rd party products – we have filed 41 Emcure ANDAs in Canada of which 26 are approved and 16 launched.

COVID-19 Response

- COVID-19 crisis has posted multiple challenges and especially for the pharma sector.
- Emcure has responded to these with nimbleness. We have focused on people safety and established a quality and health process. We have not seen any large impact on our manufacturing.
- Emcure has over the years been working on digitalization and this aided during the COVID-19 lockdown. We initiated digital marketing to prescribers. Digital marketing aided in increasing our reach to prescribers. We have launched 9 products digitally.
- There is a need for medicine/vaccine for COVID. Emcure's subsidiary, Gennova is working on m-RNA based vaccine for treating COVID-19. The Phase I clinical trials are expected to start in Oct'20.

Cost Optimization

- Given the challenges facing economy and pharma industry cost optimization is key. With COVID-19 establishing a new normal there is a renewed focus on cost optimization at Emcure without sacrificing our key goals of quality, affordability and our growth prospects.
- We are looking to do more with less and improving productivity across all processes - Manufacturing, Distribution, R&D and Corporate.
- More Digital uptake is one of the steps

RISKS

PRINCIPAL RISK FACTORS AND UNCERTAINTIES

Company's business operations are subject to certain risks that may affect its operations and ability to achieve its objectives. The principal risks and uncertainties are identified below. The risks have not been listed in order of their importance. There may be other risks and uncertainties that are currently not known to the Company, or which are deemed to be immaterial.

RISKS

RISK RELATED TO ECONOMIC & POLITICAL ENVIRONMENT ACROSS THE WORLD

The Company's operations span across the globe. Changes in the economic or political conditions in different countries may have an unfavorable impact on the Company's business performance. The extent of the Company's product portfolio and geographic presence assists in mitigating the exposure to any specific localized risk to a certain extent. The Company considers such external uncertainties while doing periodical reviews of its operations and business strategy in order to mitigate against such changes.

RISK OF COMPETITION, PRICE PRESSURE AND GOVERNMENT CONTROLS ON PRICES

Rising healthcare expenses is a key area of concern across the world with policy makers working hard to contain both private and government expenditure on healthcare. This increased focus creates constant pressure on prices of pharmaceutical products. In India, Emcure's single largest market, the government exercises control of price of specified pharmaceutical products through its Drugs (Prices Control) Order, (DPCO) and is contemplating inclusion of additional essential drugs. In some markets, major purchasers of pharmaceutical products have the economic power to exert substantial pressure on the prices or the terms of access to the products. In addition, competition amongst the global generic pharmaceutical industry is intensifying. Increased pricing regulation and competition will have impact on company's revenues and profits. The Company makes conscious efforts to launch new value added products with some differentiation which can fetch better pricing.

REGULATORY AND COMPLIANCE

With increased focus by the regulatory authorities on patient health and safety, the pharmaceutical industry is witnessing more stringent regulatory and compliance requirements being enforced. Stricter regulatory controls heighten the risk of changes in product profile or withdrawal by regulators on the basis of post –approval concerns over product safety. There is also greater regulatory scrutiny, on advertisement and promotion in particular on direct-to- consumer marketing. Any deviation from the prescribed regulations can lead to strict actions from regulatory authorities and/or litigation from customers. The Company strives constantly to adhere to the quality standards and has so far maintained a credible track record while facing periodic audits from several global regulatory agencies. In its effort to comply with the increasing regulatory requirements, the Company may incur higher costs. In addition, the Company has taken 'Product Liability' insurance as a safeguard against such action / litigations.

RESEARCH AND DEVELOPMENT RISK

The Company constantly spends a significant portion of its revenues in research and development activities required to develop new commercially viable products as well as the development of additional uses for existing products in order to have a robust product pipeline. Development of new pharmaceuticals products is investment intensive, having a longer gestation period with uncertain outcome. The failure of the product after significant investment of Company's economic and human resources, may adversely impact the Company's performance. The Company also faces litigation risk from competitors holding either product or process patents, in case the Company's products or processes are claimed to infringe such intellectual property rights. The selection of products for development are done after exhaustive screening and research. The Company undertakes a continuous evaluation, both scientific and financial during the development stage.

FOREIGN EXCHANGE FLUCTUATIONS

The Company operates in several international markets and derives roughly half of its total revenues from sales of products outside India in several currencies. It also utilizes foreign currency debt for its operations outside India. These activities expose the company's profitability to currency movement. The Company though enjoys a natural hedge, it actively monitors the movement in currencies and make all efforts to minimize the currency risk exposure. It does not engage in trading of financial assets for speculative purposes nor does it write options.

RISKS

ENVIRONMENT, HEALTH, SAFETY AND SUSTAINABILITY (EHSS)

The environmental laws of the various jurisdictions in which the Company operates imposes various obligations on the Company. Failure to manage the environmental risks could lead to significant harm to people, the environment and communities in which the Company operates thereby leading to falling short of stakeholders expectations and regulatory requirements. The Company thrives to effectively manage EHSS risk and seeks to eliminate hazards where practicable. The Company's efforts to improve environmental sustainability have led to reduction in hazardous waste and consumption of resources.

INTERNAL CONTROL SYSTEMS

The Company has an established process to identify various risks and accordingly formulate and implement mitigation strategies through an independent and robust internal audit system. The internal auditor's reports and recommendations are reviewed and endorsed by the Audit Committee of the Company. The overall policy and framework for managing risk is reviewed periodically by top management to ensure that requisite internal control mechanisms are in place.

CORPORATE SOCIAL RESPONSIBILITY

CSR initiatives by Emcure always had an approach that contributes to sustainable development by delivering economic, social and environmental benefits for the people and the society at large. Year 2019-20 saw a large spurt in CSR activities with this fundamental objective. For us at Emcure CSR Team, the most meaningful and timeless return to being socially responsible is the sheer joy and happiness that comes with doing something good for the society. This report covers the activities undertaken by Emcure as CSR initiatives under Health, Education and Environment segments.

HEALTH

Health has been a primary focus of our CSR initiatives in consonance with our vision, values and need of the Society. Some projects are ongoing and some are conducted regularly on yearly basis.

- *Living with Cleft Lip or Palate:* Cleft lip and Cleft palate are birth defects that occur when a baby's lip or mouth does not form properly during pregnancy. Emcure sponsors the surgery of these children who belong to remote areas or

CORPORATE SOCIAL RESPONSIBILITY

economically marginalized families. Cleft surgery gives hope to these children and enables them to get a chance at leading a normal life.

Six-month baby girl before and after cleft palat surgery

- *Rose Day with CPAA:* (Cancer Patients Aids Association): Over 12 hospitals and more than 600 patients benefitted by this unique initiative. Cancer patients were gifted a nutritional hamper with a rose and a greeting card that brings a smile on the faces of patients.

- *Adoption of Slums Areas*: Prominent slum areas of Balajinagar, Khandevasti and Wakad have been adopted giving better quality of health care to the underprivileged residents of these areas by conducting health awareness camps, doctors' visits and medical treatment.

- *Adoption of an Orphanage:* Gurukul Orphanage which houses over 350 orphans are provided health education and medical treatment free of cost with weekly visit by qualified doctors.

- *Medical Camp:* Free dental and general health checkup camps for children at Alegaonkar school, Garrison children's High School and Range Hills Primary School, Khadki are organized regularly.

- *Joy of Giving Week:* Emcureans enthusiastically participate in large numbers by donating blood. We also organized "Donate wearable clothes" campaign which received an overwhelming response. The clothes were given to Goonj NGO which distributes them to people in need.

CORPORATE SOCIAL RESPONSIBILITY

- *Flood Relief:* Sangli and Kolhapur districts of Western Maharashtra had unprecedented floods in Aug 2019 which resulted in huge loss of lives and property. We were one of the fastest ones to reach the marooned villagers with relief medicines and water purifying kits.

- *Water Purifier with Storage Tank:* Water Purifier with Storage Tank was installed at Lal Bahadur High School.and Dr. Zakir Hussin Urdu High School Khadki providing much needed Safe Drinking Water to the school children.

EDUCATION:

Education represents the stepping stone to improve the quality of life, especially for the poor and the vulnerable. Access to quality education is fundamental to the growth of India. The idea behind Emcure's CSR initiative in education in 2019-20 is to transform lives through continuous enhancement of knowledge and empowerment of these students. Some of the highlights include:

- Sponsoring girls under 'Right to Education' at Riverside school in Gujarat.
- Distributing school bag kits to under privileged children in schools like S.V.S. High School, Alegaonkar pre-primary School, Range Hills Primary School, Khadki and 4 Zilla Parishad schools Kurkumbh and Khandevasti slum.
- Sponsoring two fellows for a NGO 'Teach for India' in Pune region.
- We work with several NGOs in the education space to sponsor various activities & competitions.
- We have provided scholarships to 28 deserving post-graduate students of Modern College, Pune to enable them to continue with their further education.
- A Diwali fair is organized every year at number of Emcure site locations. Products made by children from various NGOs are displayed and purchased by Emcure employees. This enables the children to showcase their talent. An amount equal to collected amount is contributed by the company and is earmarked for sponsorship of education of children from these NGOs.

CORPORATE SOCIAL RESPONSIBILITY

Financial Assistance Programme

Diwali fair showcasing products made by NGO students

CORPORATE SOCIAL RESPONSIBILITY

ENVIRONMENT:

A greener and cleaner environment has always been the prime focus of Emcure's CSR Environmental initiative. The need to protect the environment and conserve resources has been the major deliverables in 2019-20. The glimpses of these initiatives are:

- During Ganesh visarjan, we adopt 3 Ghats where we collect 'nirmalya' in a container, which is later used for bio composting and extraction of natural colors. These natural colors are then used during Holi celebrations with differently abled children.

- To emphasize environmental sustainability, we sponsor a coexist initiative of making recyclable items to be sold by women self-help groups in handicraft melas.

- Emcure participated in a CSR project called "Say no to plastic bags" which was initiated at Chaturshringi temple and devotees were educated on damage caused by plastic bags to the nature. Concurrently, paper bags are manufactured by a Women Self-Help Group sponsored by Emcure, providing them to an additional income generation avenue.

- Shivane Village became greener due to Emcure's efforts on World Environment day, wherein a tree plantation drive was carried out. Hundreds of fruit bearing tree saplings were planted.

- We celebrate eco-friendly Holi with children from Navkshitij and Bal Kalyan Sansthan, Pune. The event remains a colorful nostalgia in the memories of these children.

- *Promotion of Sports:* Our CEO is an ace hockey player and takes a keen interest in developing our National Game. We see him cutting the cake along with players and officials on inauguration of Hockey match between Olympians XI Vs Maharashtra XI.

CORPORATE SOCIAL RESPONSIBILITY

- Emcure sponsored a district level Rifle Shooting Championship 2019 in which over 27 districts participated.

BOARD'S REPORT

To,

The Members,

Emcure Pharmaceuticals Limited

Your Directors have pleasure in presenting their 39th Report of the business and operations of your Company along with the audited financial statements for the financial year ended March 31, 2020.

FINANCIAL RESULTS

The standalone and consolidated financial statements for the financial year 2019-20 and the comparatives for the previous year have been prepared and presented in accordance with Indian Accounting Standards (Ind AS).

Rs. in million

Particulars	Consolidated		Standalone	
	2019-20	2018-19	2019-20	2018-19
Revenue from Operations	50,485.54	47,171.83	23,757.09	24,537.03
Other Income	823.06	951.35	1,376.15	908.76
Total Revenue	**51,308.60**	**48,123.18**	**25,133.24**	**25,445.79**
Less: Total Expenses	**43,446.15**	**39,684.08**	**19,522.88**	**18,832.95**
Profit before Interest, Taxation, Depreciation, and Amortization (EBITDA)	**7,862.45**	**8,439.10**	**5,610.36**	**6,612.84**
Less: Finance Costs	2,565.97	2,226.56	1,372.21	1,266.54
Less: Depreciation and amortization expense	3,208.34	2,671.70	1,549.74	1,298.40
Profit before Exceptional Item and Taxation	**2,088.14**	**3,540.84**	**2,688.41**	**4,047.90**
Less: Exceptional Item	1,034.79	234.58	441.59	349.55
Less: Taxation	47.25	1,214.35	494.77	861.81
Profit after Exceptional Item and Taxation	**1,006.10**	**2,091.91**	**1,752.05**	**2,836.54**
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of post-employment benefit obligations	(70.37)	(14.01)	(31.27)	1.67
Income tax relating to these items	24.28	4.88	10.93	(0.58)
Items that will be reclassified subsequently to profit or loss				
Exchange differences in translating financial statements of foreign operations	384.48	357.83	-	-
Income tax relating to these items	-	(10.41)	-	-
Total comprehensive income for the year	**1,344.49**	**2,430.20**	**1,731.71**	**2,837.63**

TRANSFER TO RESERVES

The Company has not transferred any amount out of the profit of the year to the General Reserves.

RESULTS OF OPERATIONS

On Standalone basis, the Company achieved gross revenue of Rs. 25,133.24 million as compared to Rs. 25,445.79 million in the previous year and the Standalone operating profit before Interest, Taxation, Depreciation, and Amortization was Rs. 5,610.36 million as compared to Rs. 6,612.84 million in the previous year.

On Consolidated basis, the Company achieved a gross revenue of Rs. 51,308.60 million as compared to Rs. 48,123.18 million in the previous year and the consolidated operating profit before Interest, Taxation, Depreciation and Amortization was Rs. 7,862.45 million as compared to Rs. 8,439.10 million in the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management discussion and analysis report on the operations of the Company is appended separately and forms a part of this Report.

DIVIDEND

The Company had paid first Interim Dividend @ 15% (Rs. 1.50 per Equity Share) on 180,852,116 equity shares of Rs. 10/- each resulting in an outflow of Rs. 294.23 million (including dividend tax) and a second interim dividend @10% (Re. 1.00 per Equity Share) on 180,852,116 Equity Shares of Rs. 10/- each resulting in an outflow of Rs. 180.85 million. The dividend was paid in compliance with the applicable regulations.

The total dividend on equity shares for the Financial Year 2019-20 would aggregate to Rs. 475.08 million resulting to a pay-out of 25% (Rs. 2.5 per Equity Share).

CHANGE IN NATURE OF BUSINESS

There has been no material change in the nature of the business of the Company/ its subsidiaries during the year under review.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF THE REPORT.

No material changes and commitments have occurred after the close of the financial year and till the date of this Report, which may materially affect the financial position of the Company.

SHARE CAPITAL

The Authorised Share Capital of the Company stood at Rs. 2,000 million and the paid up Equity Share Capital of the Company stood at Rs. 1,808.52 million as on March 31, 2020. During the year under review, there was no change in share capital of the Company.

EMPLOYEE STOCK OPTION SCHEME

Disclosures in compliance with Section 62 of the Companies Act, 2013 ("the Act") read with Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 in relation to Employee Stock Option Scheme are set out in the **"Annexure - A"** to this Report.

BOARD'S REPORT

During the year under review, the Company has issued and allotted 11,50,000 stock options to the employees under the Employee Stock Option Scheme 2013 (Emcure ESOS 2013), whereas 4,40,000 stock options were cancelled. As on March 31, 2020, total 36,40,000 Stock options were outstanding. On exercising the convertible options so granted, the paid-up Equity Share Capital will increase by like number of shares.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

DIRECTORS

Based on the recommendation of the Nomination and Remuneration Committee, the following appointments/re-appointments were made:

- Mrs. Namita Thapar (DIN: 05318899) was re-appointed as a Whole-time Director for a further period of 5 years with effect from July 28, 2019 to July 27, 2024.
- Mr. Humayun Dhanrajgir (DIN: 00004006), Mr. Berjis Desai (DIN: 00153675) and Mr. Shreekant Bapat (DIN: 00621568) were re-appointed as Independent Directors of the Company for a further period of 3 years with effect from July 28, 2019 to July 27, 2022.
- Mr. Palamadai Sundararajan Jayakumar (DIN: 01173236) was appointed as additional Director (Non-Executive and Independent) of the Company with effect from July 22, 2020.

In accordance with the Act, Mrs. Namita Thapar (DIN: 05318899), Whole-time Director, retires by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offers herself for re-appointment. The Board of Directors have recommended her re-appointment for consideration of the shareholders.

KEY MANAGERIAL PERSONNEL

Mr. Sanjay Kumar Chowdhary resigned as Company Secretary of the Company with effect from November 02, 2019.

Based on the recommendation of the Nomination and Remuneration Committee, Mr. Jayant Prakash was appointed as Company Secretary of the Company with effect from December 07, 2019.

DECLARATION BY INDEPENDENT DIRECTORS

All Independent Directors of the Company have submitted requisite declarations that they fulfil all the requirements as stipulated under Section 149(6) of the Act, so as to qualify themselves to continue to act as Independent Directors. The Independent Directors have also confirmed that they have complied with Schedule IV of the Act.

BOARD AND COMMITTEE MEETINGS

The Board has constituted its Committees namely, the Audit Committee, the Nomination and Remuneration Committee, the Corporate Social Responsibility Committee and the Investor Grievance & Share Transfer Committee. All the recommendations made by the Committees of Board including the Audit Committee were accepted by the Board.

A calendar of Board and Committee Meetings to be held during the year was circulated well in advance to the Directors. During the year, six Board Meetings were held. The intervening gap between the Board Meetings was within the limits prescribed under the Act. A detailed update on the Board, its Committees, its composition, detailed charter including terms of reference of the above said Committees, number of Board and Committee Meetings held and attendance of the Directors at each Meeting is provided in the Report on Corporate Governance, which forms part of this Report.

NOMINATION & REMUNERATION POLICY

The policy of the Company on director's appointment and remuneration, including the criteria for determining qualifications, positive attributes, independence of a director and other matters as required under Section 178(3) of the Act is available on our website at https://emcure.com/assets/files/policies/Remuneration Policy.pdf.

BOARD EVALUATION

Formal annual evaluation has been carried out by the Board of its own performance and that of its committees and individual directors pursuant to the Act. Performance evaluation of independent directors has also been carried out by the entire Board of Directors, excluding the director evaluated. The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework as laid down by the Nomination and Remuneration committee.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Sections 134(3)(c) and 134(5) of the Act, the Directors confirm that –

I. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

II. Appropriate accounting policies had been selected and applied them consistently and had made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs as at March 31, 2020 and of the profit of the Company for the year ended March 31, 2020;

III. Proper and sufficient care had been taken 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;

IV. The annual accounts had been prepared on a going concern basis;

V. they had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively; and

VI. Proper systems had been devised to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

INTERNAL FINANCIAL CONTROLS

The Company has adequate internal financial controls with reference to the financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

As per the provisions of the Section 129(3) of the Act, the Company has prepared the Consolidated Financial statements of the Company and its subsidiaries for the year ended March 31, 2020 which forms a part of this Report. Further, in terms of the first proviso of Section 129(3) of the Act and Rule 5 and 8(1) of the Companies (Accounts) Rules, 2014, a statement containing the salient features of the financial statement of the Subsidiaries / Joint Ventures/ Associate Companies in the prescribed format AOC-1 is appended herewith as **"Annexure - B"** to this Report. The statement also provides the details of the performance and financial position of the Company's subsidiaries.

BOARD'S REPORT

Changes during the year:

1. Tillomed Holdings Ltd., the Company's step-down Subsidiary, was dissolved on April 16, 2019 and it ceased to be a subsidiary.
2. Emcure Pharma UK Limited, UK, the Company's Subsidiary incorporated a private Company with limited liability named as Tillomed Laboratories B.V., Netherlands on April 24, 2019.

The Audited Accounts of the subsidiaries are available for inspection of members on any working day at the Registered Office of the Company between 11:00 a.m. to 1:00 p.m.

The consolidated financial statements presented by the Company includes financial results of the subsidiaries, associates and joint venture companies.

DEPOSITS

The Company has not accepted any fixed deposits and as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Particulars of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act form part of the notes to the Standalone financial statements forming a part of this Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered into during the financial year 2019-20 were on an arm's length basis and in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Disclosures on related party transactions are set out in the notes to the Standalone Financial Statements.

All related party transactions are placed before the Audit Committee for review and approval.

Particulars of contracts or arrangements with related parties pursuant to Section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in the prescribed Form AOC-2 and is appended herewith as **"Annexure - C"** to this Report.

CORPORATE SOCIAL RESPONSIBILITY

As part of its initiatives under Corporate Social Responsibility (CSR), the Company has undertaken projects in the areas of Education, Healthcare, Environment Sustainability etc. These projects are largely in accordance with Schedule VII of the Act.

The report on the CSR activities undertaken by the Company in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 including the composition of the CSR Committee is appended herewith as **"Annexure - D"** to this Report.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3)(m) of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014, is appended herewith as **"Annexure - E"** to this Report.

RISK MANAGEMENT

The Board of Directors of the Company has adopted the Risk Management Policy to frame, implement and monitor the risk management plan for the Company. The Audit Committee reviews the risk management policy to ensure its effectiveness.

Discussion on risks is covered in the Management Discussion and Analysis Report, forming a part of this Report.

VIGIL MECHANISM

The Company promotes ethical behaviour in all its business activities and has adopted vigil mechanism for reporting illegal or unethical behaviour. The employees are free to report violations of applicable laws and regulations.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

There are no significant and material orders passed by the Regulators/Courts/ Tribunals which would impact the going concern status of the Company and its future operations.

AUDITOR & AUDITOR'S REPORT

M/s. BSR & Co. LLP, Chartered Accountants (FRN 101248-W/W-100022) are the Statutory Auditors of the Company. Their term of appointment is up to the conclusion of 41st Annual General Meeting to be held in the year 2022.

The Auditors' Report does not contain any qualification, reservation or adverse remarks.

COST AUDITOR AND COST AUDIT REPORT

Pursuant to the provision of Section 148 of the Act read with the Companies (Cost Records and Audit) Amendment Rules, 2014 including its amendment from time to time, the cost records maintained by the Company are required to be audited. Your Directors had, on the recommendation of the Audit Committee, appointed M/s. B. M. Sharma & Co. (Registration no. 000219), Cost Accountants as Cost Auditor to audit the cost records of the Company for the financial year 2020-21 at a remuneration of Rs. 7,50,000/-. In terms of the provisions of the Act, the remuneration payable to the Cost Auditors is required to be ratified by the Shareholders at the ensuing Annual General Meeting and accordingly a resolution seeking your ratification has been included in the Notice convening the Annual General Meeting.

The Cost Audit Report for the Financial Year 2018-19 has been duly filed on August 17, 2019.

SECRETARIAL AUDITOR & ITS AUDIT REPORT

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s SVD & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the Financial Year 2019-20. The Secretarial Audit Report for the year ended March 31, 2020 is appended herewith as **"Annexure - F"** to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remarks.

COMPLIANCE WITH SS – 1 (SECRETARIAL STANDARD ON MEETINGS OF THE BOARD OF DIRECTORS) AND SS - 2 (SECRETARIAL STANDARD ON GENERAL MEETINGS)

The Company is in compliance with the Secretarial Standards SS-1 and SS-2. The Company has not adopted the voluntary Secretarial Standards.

BOARD'S REPORT

EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3) (a) of the Act, an extract of the Annual Return in form MGT-9 is appended herewith as **"Annexure - G"** to this Report.

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has in place a Policy for prevention of Sexual Harassment of women at the workplace in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The following is a summary of sexual harassment complaints received and disposed off during the year:

a) Number of complaints pending at the beginning of the year - 0
b) Number of complaints received during the year - 3
c) Number of complaints disposed-off during the year - 3
d) Number of cases pending at the end of the year - 0

PARTICULARS OF EMPLOYEES

The information as required pursuant to Section 197(12) of the Act read with Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of the employees of the Company, is appended herewith as an Annexure forming part of this Report.

CORPORATE GOVERNANCE

Your Company believes that Corporate Governance is at the core of stakeholders' satisfaction. Corporate Governance Report is appended separately and forms a part of this Report.

INDUSTRIAL RELATIONS

Industrial relations for the period under review continued to be cordial.

APPRECIATION AND ACKNOWLEDGEMENTS

Your Directors express their gratitude to the Company's customers, stakeholders, business partners, distributors, suppliers, medical professionals, bankers, financial institutions including investors for their valuable sustainable support and co-operation.

Your directors place on record their appreciation for the contribution made by its employees at all levels. Your Company's consistent growth has been made possible by their hard work, solidarity, co-operation and support.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
EMCURE PHARMACEUTICALS LIMITED

Place: Pune	**SATISH MEHTA**	**SHREEKANT BAPAT**
Date: July 27, 2020	**MANAGING DIRECTOR**	**DIRECTOR**
	DIN: 00118691	DIN: 00621568

Annexure - A to Board's Report

Disclosure u/s 62 of the Companies Act, 2013 read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014.	
Options granted under the Scheme till date	5,410,000
Options granted during the year	1,150,000
Options vested	1,801,000
Options Exercised	Nil
The total no. of shares arising as a result of exercise of option	Nil
Options lapsed/ cancelled till date	1,770,000
Exercise Price	For Options granted in October, 2013- Rs. 221.25 For options granted in March, 2016 - Rs. 508.75 For options granted in July, 2017 – Rs. 300.00 For options granted in October, 2018 and February, 2019 – Rs. 522.00 For options granted in November 2019 and February 2020 – Rs. 580.00
The variation of terms of options	NIL
Money realised by exercise of options	Nil
Total no. of options in force	3,640,000
Employee wise details of options granted to	
Key Managerial Personnel during the year	1. Mr. Jayant Prakash
*Any other employee who receives a grant of options in any one year of option amounting to 5% or more of options granted during that year	1. Mr. Vikas Thapar 2. Mr. Atul Aggarwal 3. Mr. John Wayne Denman 4. Dr. Steven Robert Hagen 5. Mr. William Steven Marth 6. Mr. Frank Katona 7. Mr. Jamie Berlanska 8. Ms. Shannon Johnston 9. Mr. Marvin Samson 10. Ms. Bernadette Attinger 11. Mr. Jimmy Wang 12. Mr. George Svokos 13. Mr. Massimo Berzigotti
Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant;	Nil

* Mr. Fouad Benghalem, Dr. Fakrul Sayeed, Mr. Navneet Aggarwal, Mr. B. Suresh Kumar, Mr. Prashant Parashar, Mr. Vimalendu Kumar Singh and Mr. Marc Hourigan also received a grant of options amounting to 5% or more of options granted during the particular year of grant but the said options were cancelled due to cessation of their employment with the Company/its subsidiaries.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
EMCURE PHARMACEUTICALS LIMITED

Place: Pune
Date: July 27, 2020

SATISH MEHTA
MANAGING DIRECTOR
DIN: 00118691

SHREEKANT BAPAT
DIRECTOR
DIN: 00621568

Annexure - B to Board's Report

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act 2013 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part A Subsidiaries

Rs. in million

Sl. No.	Name of the subsidiary	Reporting period for the subsidiary concerned	Reporting Currency	Exchange Rate	Share capital	Reserves and Surplus	Total assets	Total Liabilities	Investments	Turnover	Profit / (Loss) before tax	Provision for taxation	Profit / (Loss) after tax	Proposed Dividend (%)	Extent of shareholding (%)
	Direct Subsidiaries														
1.	Gennova Biopharmaceuticals Limited	March 31, 2020	INR	1	234.90	1001.44	2382.35	1146.00	-	2108.72	436.54	56.96	379.58	-	87.95
2.	Zuventus Healthcare Limited	March 31, 2020	INR	1	200.55	2753.58	5632.78	2678.65	-	8231.63	933.06	324.31	608.75	-	79.58
3.	Emcure Nigeria Limited	March 31, 2020	NAIRA	0.20	1.89	(128.41)	19.36	145.88	-	-	(17.64)	-	(17.64)	-	100.00
4.	Emcure Pharmaceuticals Mena FZ-LLC	March 31, 2020	AED	20.46	1.28	(427.44)	526.53	952.69	-	677.37	6.22	-	6.22	-	100.00
5.	Emcure Pharmaceuticals South Africa (Pty) Limited	March 31, 2020	ZAR	4.22	0.00	(154.36)	126.23	280.59	-	238.03	(87.24)	3.64	(90.88)	-	100.00
6.	Emcure Brasil Farmaceutica Ltda	March 31, 2020	BRL	14.50	122.55	(253.30)	17.43	148.18	-	-	(79.04)	-	(79.04)	-	99.99
7.	Heritage Pharma Holdings Inc. d/b/a Avet Pharmaceuticals Holdings Inc.	March 31, 2020	USD	75.66	1790.78	(7305.78)	3966.47	9481.47	1103.27	-	(18.92)	(904.77)	885.85	-	100.00
8.	Emcure Pharma UK Ltd	March 31, 2020	GBP	93.94	1087.34	457.79	4000.21	2455.08	1501.95	89.27	16.46	5.23	11.23	-	100.00
9.	Emcure Pharma Peru S.A.C	March 31, 2020	SOL	22.59	0.02	(27.37)	154.33	181.68	-	47.39	(3.56)	-	(3.56)	-	99.00
10.	Emcure Pharma Mexico S.A. DE C.V.	March 31, 2020	MXN	3.20	0.21	(74.20)	9.17	83.16	-	-	(39.18)	-	(39.18)	-	99.99
11.	Marcan Pharmaceuticals Inc	March 31, 2020	CAD	53.51	650.92	(1644.02)	5243.13	6236.23	-	4933.95	25.20	89.80	(64.60)	-	100.00
12.	Emcure Pharmaceuticals Pty Ltd	March 31, 2020	AUD	46.33	48.72	(33.91)	17.00	2.19	-	-	(29.85)	0.79	(30.64)	-	100.00

Annexure - B to Board's Report

Rs. in million

Sl. No.	Name of the subsidiary	Reporting period for the subsidiary concerned	Reporting Currency	Exchange Rate	Share capital	Reserves and Surplus	Total assets	Total Liabilities	Investments	Turnover	Profit / (Loss) before tax	Provision for taxation	Profit / (Loss) after tax	Proposed Dividend (%)	Extent of shareholding (%)
	Indirect Subsidiaries														
13.	Heritage Pharma Labs Inc. d/b/a Avet Pharmaceuticals Labs Inc.	March 31, 2020	USD	75.66	70.86	(1928.58)	5293.18	7150.90	-	3205.47	(601.11)	(8.84)	(609.95)	-	100.00
14.	Heritage Pharmaceuticals Inc. d/b/a Avet Pharmaceuticals Inc.	March 31, 2020	USD	75.66	-	10858.33	13097.21	2238.88	-	10740. 09	(1446.26)	(76.18)	(1522.44)	-	100.00
15.	Tillomed Pharma GmbH	March 31, 2020	EURO	83.27	355.64	(61.81)	695.41	401.58	-	682. 05	(101.39)	(18.29)	(83.11)	-	100.00
16.	Tillomed Laboratories Ltd	March 31, 2020	GBP	93.94	0.10	583.33	4065.07	3481.64	-	4419.30	(4.46)	(25.78)	21.32	-	100.00
17.	Emcure NZ Limited	March 31, 2020	NZD	45.12	0.05	(4.37)	1.35	5.67	-	-	6.44	1.80	4.64	-	100.00
18.	Laboratorios Tillomed Spain SLU	March 31, 2020	EURO	83.27	40.71	7.21	562.55	514.63	-	627.05	13.30	4.17	9.13	-	100.00
19.	Tillomed Italia SRL	March 31, 2020	EURO	83.27	218.96	(165.64)	617.52	564.20	-	612.25	(61.55)	(11.90)	(49.65)	-	100.00
20.	Tillomed France SAS	March 31, 2020	EURO	83.27	18.61	12.66	372.57	341.30	-	681.00	18.75	5.68	13.07	-	100.00
21.	Hacco Pharma Inc	March 31, 2020	USD	75.66	-	-	-	-	-	-	-	-	-	-	100.00
22.	Tillomed Laboratories B.V.	March 31, 2020	EURO	83.28	-	-	-	-	-	-	-	-	-	-	100.00

Annexure - B to Board's Report

Part B : Associates and Joint Ventures

Rs. in million

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures		
	Name of Associates or Joint Ventures	
1.	**Latest audited Balance Sheet Date**	NIL
2.	**Date on which the Associate or Joint Venture was associated or acquired**	
3.	**Shares of Associate or Joint Ventures held by the company on the year end**	
	No. of shares	
	Amount of Investment in Associates or Joint Venture	
	Extent of Holding (in percentage)	
4.	**Description of how there is significant influence**	
5.	**Reason why the associate/joint venture is not consolidated**	
6.	**Networth attributable to shareholding as per latest audited Balance Sheet**	
7.	**Profit or Loss for the year**	
	i. Considered in Consolidation	
	ii. Not Considered in Consolidation	

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
EMCURE PHARMACEUTICALS LIMITED

SHREEKANT BAPAT	**SATISH MEHTA**	**NAMITA THAPAR**	**JAYANT PRAKASH**
DIRECTOR	**MANAGING DIRECTOR**	**WHOLE-TIME DIRECTOR & CFO**	**COMPANY SECRETARY**
DIN: 00621568	DIN: 00118691	DIN: 05318899	MEMBERSHIP NO.: F6742

Place: Pune
Date: July 27, 2020

Annexure - C to Board's Report

Form No. AOC-2

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.

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

1. Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts or arrangements or transactions entered into with related parties during the year ended March 31, 2020, which were not at arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis:

The details of contracts or arrangement or transactions at arm's length basis with related parties for the year ended March 31, 2020 are as follows:

Nature of contracts / arrangements/ transactions	Name of the related party	Nature of relationship	Duration of the Contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value if any.	Amount (Rs. in Mn)	Date of approval by the Board, if any.	Amount paid as advances, if any
Purchase of goods and services	Zuventus Healthcare Limited	Subsidiary	Ongoing	Based on transfer pricing guidelines	46.54	Audit Comittee meetings for approval of related party transactions February 01, 2019 and July 18, 2019 respectively	–
	Gennova Biopharmaceuticals Limited	Subsidiary	Ongoing	Based on transfer pricing guidelines	97.19		–
Sale of Assets	Gennova Biopharmaceuticals Limited	Subsidiary	Ongoing	Based on transfer pricing guidelines	0.11		–
Purchase of Assets	Gennova Biopharmaceuticals Limited	Subsidiary	Ongoing	Based on transfer pricing guidelines	0.01		–
Sale of goods and services	Zuventus Healthcare Limited	Subsidiary	Ongoing	Based on transfer pricing guidelines	182.47		–
	Gennova Biopharmaceuticals Limited	Subsidiary	Ongoing	Based on transfer pricing guidelines	242.62		–
	Heritage Pharma Labs Inc. d/b/a Avet Pharmaceuticals Labs Inc.	Step-down Subsidiary	Ongoing	Based on transfer pricing guidelines	164.74		–
	Emcure Pharmaceuticals Mena FZ-LLC.	Subsidiary	Ongoing	Based on transfer pricing guidelines	263.71		–
	Heritage Pharmaceuticals Inc. d/b/a Avet Pharmaceuticals Inc.	Step-down Subsidiary	Ongoing	Based on transfer pricing guidelines	2162.66		–
	Emcure Pharmaceuticals South Africa (Pty) Ltd	Subsidiary	Ongoing	Based on transfer pricing guidelines	208.15		–
	Emcure Pharma UK Ltd.	Subsidiary	Ongoing	Based on transfer pricing guidelines	(29.58)		–
	Emcure Pharma Peru S.A.C.	Subsidiary	Ongoing	Based on transfer pricing guidelines	25.76		–
	Tillomed Laboratories Limited	Step-down subsidiary	Ongoing	Based on transfer pricing guidelines	1894.98		–
	Marcan Pharmaceuticals Inc.	Subsidiary	Ongoing	Based on transfer pricing guidelines	925.94		–
	H.M Sales Corporation	Directors and relatives of director are partners	Ongoing	Based on transfer pricing guidelines	8.91		–

Annexure - C to Board's Report

Sale of steam	Gennova Biopharmaceuticals Limited	Subsidiary	Ongoing	Based on transfer pricing guidelines	19.48		–
Commission expenses	H.M. Sales Corporation	Directors and relatives of director are partners	Ongoing	Based on transfer pricing guidelines	25.82		–
Rent income	Zuventus Healthcare Limited	Subsidiary	Ongoing	Based on transfer pricing guidelines	8.99		–
	Gennova Biopharmaceuticals Limited	Subsidiary	Ongoing	Based on transfer pricing guidelines	32.41		–
Remuneration paid	Relatives of Director and KMP	Relative of Director and KMP	Ongoing	Based on transfer pricing guidelines	69.46		–
Rent expense	Mr. Sunil Mehta	Director	Ongoing	Based on transfer pricing guidelines	0.33		–
	Mr. Sanjay Mehta	Relative of director	Ongoing	Based on transfer pricing guidelines	0.33	Board meetings for approval of related party transactions February 01, 2019 and July 18, 2019 respectively	–
	Mrs. Bhavna Mehta	Relative of director	Ongoing	Based on transfer pricing guidelines	0.24		–
Marketing Support Services	Emcure Pharmaceuticals Mena FZ-LLC	Subsidiary	Ongoing	Based on transfer pricing guidelines	11.59		–
	Emcure Nigeria Limited	Subsidiary	Ongoing	Based on transfer pricing guidelines	3.66		–
	Emcure Pharma Peru S.A.C.	Subsidiary	Ongoing	Based on transfer pricing guidelines	38.19		–
	Emcure Pharma Mexico S.A. DE C.V,	Subsidiary	Ongoing	Based on transfer pricing guidelines	16.71		–
	Emcure Brasil Farmaceutica Ltda.	Subsidiary	Ongoing	Based on transfer pricing guidelines	43.27		–
	Emcure Pharmaceuticals Pty Ltd.	Subsidiary	Ongoing	Based on transfer pricing guidelines	32.18		–
	Emcure NZ Limited	Step-down subsidiary	Ongoing	Based on transfer pricing guidelines	62.85		–

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
EMCURE PHARMACEUTICALS LIMITED

Place: Pune
Date: July 27, 2020

SATISH MEHTA
MANAGING DIRECTOR
DIN: 00118691

SHREEKANT BAPAT
DIRECTOR
DIN: 00621568

Annexure - D to Board's Report

Annual Report on Corporate Social Responsibility (CSR) Activities for the financial year 2019-20

Rs. in million

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	The Company has framed a CSR policy in compliance with the provisions of Section 135 of the Companies Act, 2013. Proposed projects or programs are mentioned in CSR policy. The said Policy is available at Weblink: https://emcure.com/assets/files/policies/CSR%20Policy.pdf
2.	The Composition of the CSR Committee	Mr. Shreekant Bapat, Chairman (Independent Director) Mr. Sunil Mehta (Whole-time Director) Mrs. Namita Thapar (Whole-time Director and Chief Financial Officer)
3.	Average net profit of the company for last three financial years	2945.77
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	58.92
5.	Details of CSR spent during the financial year: a) Total amount to be spent for the financial year b) Amount unspent, if any	 58.92 0.8

c) Manner in which the amount spent during the financial year is detailed below:

Rs. in million

Sr. No.	CSR project or Activity Identified	Sector in which the project is covered (Clause no. of Schedule VII to the Companies Act, 2013, as amended)	Project or Program 1)Local Area or Other; 2)Specify the state and district where projects or programs were undertaken	Amount Outlay (Budget Project or Program wise	Amount spent on the Projects or Programs Sub Heads: 1)Direct Expenditure on Projects or Programs 2)Overheads	Cumulative Expenditure upto the reporting period i.e. FY 2019-20	Amount Spent: Direct or through Implementing Agency
1	Promoting health care including preventive Healthcare	(i)	All over India	53.65	53.65	53.65	**Direct: 53.14** **Indirect: 0.51** 1. Ramkrishna Medical Foundation 2. Diabetic Association of India 3. Ekansh Trust 4. Cancer Patients Aid Association 5. Foundation for environment conservation
2	Promoting Education, including special education and employment enhancing vocation skills	(ii)	All over India	3.48	3.48	57.13	**Direct: 1.37** **Indirect: 2.11** 1. Ekansh Trust 2. Connecting trust 3. Friends of Children 4. Teach to lead 5. Navkshitij 6. Mitra Foundation 7. Tech First Foundation 8. Jay Vakeel Foundation & Research centre
3	Environmental sustainability, ecological balance	(iv)	Pune	0.75	0.75	57.88	**Direct: 0.75**
4.	Training to promote rural and/or nationally recognised sports	(vii)	Pune	0.20	0.20	58.08	**Direct: 0.20**

Annexure - D to Board's Report

Reasons for not spending two percent of the average net profit of the last three financial years

There has been a shortfall of Rs. 0.8 million for spending towards CSR activities for the financial year 2019-20, due to non-idendification of feasible projects for the said period.

RESPONSIBILITY STATEMENT

The Responsibility Statement of the Corporate Social Responsibility Committee of the Board of Directors of the Company is reproduced below:
'The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.'

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
EMCURE PHARMACEUTICALS LIMITED

Place: Pune
Date: July 27, 2020

SATISH MEHTA
MANAGING DIRECTOR
DIN: 00118691

SHREEKANT BAPAT
CHAIRMAN - CSR COMMITTEE
DIN: 00621568

Annexure - E to Board's Report

Information pertaining to the conservation of energy, technology absorption and foreign exchange earnings and outgo 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

a) Steps taken or impact on conservation of energy

Energy conservation continues to receive top priority in the Company. Energy audits are carried out, consumption monitored; maintenance systems improved and distribution losses are reduced.

Specific Energy conservation measures undertaken by the Company are as follows:

1. Use of Variable Frequency Drive (VFDs) in the existing air compressor system and also installation of dedicated Air Compressor at some plants.
2. Switched over to LED light fixtures at most of the locations.
3. Motion sensors are installed at main corridors for energy efficiency at some plants.
4. Water is recycled, wherever possible.
5. Use of EC motors in AHUs, wherever possible at Hinjawadi plant
6. Automatic operation of cooling tower fan motor and installation of recirculation system for autoclave at Sanand Plant.
7. Use of Briquette Boiler in place of HSD Boiler at Jammu plant.
8. Air showers are activated by Motion Sensor and use of digital timers in place of convectional timers for fine control for street light at Kurkumbh plant.

b) The steps taken by the company for utilising alternate sources of energy

Not applicable.

c) The capital investment on energy conservation equipment's

Capital investment of Rs. 3.1 Mn was made on energy conservation equipment's.

Particulars of technology absorption required under the Companies (Accounts) Rules, 2014

B. Technology Absorption:

1. Efforts, in brief, made towards technology absorption:

R&D as it's core strength, has indulged into research of newer ways to deliver molecules for effective actions. In effort, new products and formulations for newer applications were developed through bio-availability and blood level studies at R & D activity.

R&D is working vigorously for development of novel drug delivery system like liposomal delivery, nanoparticles, lipid complex and micro-emulsion. Some of the products like liposomal delivery are advancing towards commercialization. Emcure has extended its arms in Transdermal Drug delivery system and achieved success. Moreover, we have broadened our research field and entered into depot injection (long acting microspheres). Novel research is ongoing in safety & efficacy enhancement for cytotoxic drug product.

The research team has developed and commercialized extended release dosage forms, multi particulate systems, pulsatile drug delivery system, osmotic drug delivery system etc.

2. The benefits derived like product improvement, cost reduction, product development or import substitution:

Adopting improvements for betterment, Technology is been switched from Hot melt extrusion to Top spray granulation for molecules like Ritonavir or a Multi-layer FDC is been formulated into single layer formulation, a simplified version of complex technology.

Continued implementation of technology has yielded in product improvement and cost reduction, with respect to standardized analytical methods. Some of the benefits of these efforts reflected in better quality and stability of products. E.g. Extractable, leachable studies and characterisation studies of complex injectable generics have been established with in-house techniques to avoid dependence on outsourced parties as well as reduce the cost of development.

In API R&D several cost improvement (CIP) projects are initiated, e.g Dexketoprofen Trometamol, Propofol, Flecanide Acetate, Ropivacaine HCl, Acamprosate Calcium, Ritonavir etc. Imported intermediates and starting material were back-integrated with the help of in-house development of these intermediates and starting materials. This not only lowers the cost of these API but also make Emcure self-reliant for delivery of these APIs. All these were achieved without any major change to filed process thus ensuring availability and reliability of the above API's for commercial supply.

3. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

No technology has been imported by the Company during the last 3 years.

4. The expenditure incurred on Research and Development

Rs. in million

	Particulars (Standalone)	FY 2019-20	FY 2018-19
(a)	Capital	3.68	17.26
(b)	Revenue	1,266.88	1,630.22
(c)	**Total**	**1,270.56**	**1,647.48**
(d)	Total R & D Expenditure as % of gross turnover	5.35%	6.71%

C. Foreign exchange earnings and outgo:

Rs. in million

Foreign Exchange earned in terms of Actual Inflows	10,090.06
Foreign Exchange outgo in terms of Actual Outflows	1,468.31

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
EMCURE PHARMACEUTICALS LIMITED

Place: Pune
Date: July 27, 2020

SATISH MEHTA
MANAGING DIRECTOR
DIN: 00118691

SHREEKANT BAPAT
DIRECTOR
DIN: 00621568

Annexure - F to Board's Report

Form No. MR-3

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020

[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]

To,
The Members,
Emcure Pharmaceuticals Limited,
'Emcure House', T-184, M.I.D.C Bhosari,
Pune-411026.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Emcure Pharmaceuticals 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 and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2020** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

(i) The Companies Act, 2013, as amended from time to time (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **(Not applicable to the Company during the audit period.)**

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of the equity shares held in dematerialized form;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, External Commercial Borrowing and Overseas Direct Investment;

(v) None of the Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are applicable to the Company except:-

(a) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;

(vi) The other laws, as informed and certified by the Management of the Company, which are

specifically applicable to the Company based on their sector/ industry are:-

(a) Drugs and Cosmetics Act, 1940

(b) Narcotic Drugs and Psychotropic Substances Act, 1985

(c) The Medicinal & Toilet Preparations (Excise Duties) Act, 1955

(d) Petroleum Act 1934

(e) Food Safety and Standards Act, 2006

(f) The Indian Copyright Act, 1957

(g) The Patents Act, 1970

(h) The Trade Marks Act, 1999

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

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

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. During the period under review, there were no changes in the composition of the Board of Directors of the Company. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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

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

Place: - Pune
Date:- July 22, 2020

For **SVD & Associates**
Company Secretaries

Meenakshi R. Deshmukh
Partner
FCS No: 7364
C P No: 7893
UDIN: F007364B000478890

Note: This report is to be read with letter of even date by the Secretarial Auditors, which is annexed as Annexure A and forms an integral part of this report.

Annexure - F to Board's Report

ANNEXURE A'

To,
Members,
Emcure Pharmaceuticals Limited,
'Emcure House', T-184, M.I.D.C Bhosari,
Pune-411026.

Our Secretarial Audit Report of even date is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.

3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.

4. We have physically verified the documents and evidences and also relied on data provided on email to us, in view of the prevailing Pandemic situation of COVID-19.

5. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, etc.

Disclaimer

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: - Pune
Date:- July 22, 2020

For **SVD & Associates**
Company Secretaries

Meenakshi R. Deshmukh
Partner
FCS No: 7364
C P No: 7893
UDIN: F007364B000478890

Annexure - G to Board's Report

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.03.2020

[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:

CIN	U24231PN1981PLC024251
Registration Date	16th April 1981
Name of the Company	Emcure Pharmaceuticals Limited
Category/ Sub-Category of the Company	Company limited By Shares/ Indian Non-Government Company
Address of the Registered office and contact details	'Emcure House' T-184, M.I.D.C, Bhosari, Pune - 411026 Contact Details: +91 20 4070 0000 Website: https://emcure.com/
Whether listed company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C-13 Pannalal Silk Mills Compound L.B.S. Marg Bhandup(West), Mumbai — 400078. Contact Details: +91 22 49186000

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacturing and Marketing of Allopathic Pharmaceutical Products	21002	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Zuventus Healthcare Limited, T-184, MIDC, Bhosari, Pune -411026	U85320PN2002PLC018324	Subsidiary	79.58	2(87)
2	Gennova Biopharmaceuticals Limited, Emcure House T-184, MIDC, Bhosari, Pune – 411026	U24231PN2001PLC016253	Subsidiary	87.95	2(87)
3	Heritage Pharma Holdings Inc. d/b/a Avet Pharmaceuticals Holdings Inc. 16192 Coastal Highway, Lewes, Delaware 19958	-	Subsidiary	100	2(87)
4	Heritage Pharma Labs Inc. d/b/a Avet Pharmaceuticals Labs Inc. 21B, Cotters Lane, East Brunswick, NJ 08816	-	Step down Subsidiary	100 (Held by Heritage Pharma Holdings Inc.)	2(87)
5	Heritage Pharmaceuticals Inc. d/b/a Avet Pharmaceuticals Inc. 16192 Coastal Highway, Lewes, Delaware 19958	-	Step down Subsidiary	100 (Held by Heritage Pharma Holdings Inc.)	2(87)
6	Hacco Pharma Inc. 251 Little Falls Drive, Wilmington, New Castle County, Delaware 19808	-	Step down Subsidiary	100 (Held by Heritage Pharma Holdings Inc.)	2(87)
7	Emcure Pharma UK Ltd. 220 Butterfield, Great Marlings, Luton, UK	-	Subsidiary	100	2(87)
8	*Tillomed Holdings Limited, 220 Butterfield, Great Marlings, Luton, UK	-	Step down Subsidiary	100 (Held by Emcure Pharma UK Ltd.)	2(87)
9	Tillomed Laboratories Limited, 220 Butterfield, Great Marlings, Luton, UK	-	Step down Subsidiary	100 (Held by Emcure Pharma UK Ltd.)	2(87)
10	Laboratorios Tillomed Spain S.L.U. Calle Marcelo Spinola 8, planta 1, Puerta F, 28016, Madrid	-	Step down Subsidiary	100 (Held by Emcure Pharma UK Ltd.)	2(87)

Annexure - G to Board's Report

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
11	Tillomed Italia S.R.L Viale Giulio Richard, 1 – Torre A, 20143 Milan (Italy)	-	Step down subsidiary	100 (Held by Emcure Pharma UK Ltd.)	2 (87)
12	Marcan Pharmaceuticals Inc. Suite #112 - 2 Gurdwara Road, Ottawa, ON - K2E 1A2	-	Subsidiary	100	2(87)
13	Emcure Pharmaceuticals Mena FZ-LLC 204, Building no # 49, Dubai Healthcare City, PO Box – 293834, Dubai, UAE	-	Subsidiary	100	2(87)
14	Emcure Nigeria Limited Plot Number 2 – 4, Block C, Amuwo Odofin Industrial Scheme, Apapa Oshodi Expressway, C F A 0 Compound, Lagos, Nigeria.	-	Subsidiary	100	2(87)
15	Emcure Pharmaceuticals South Africa (Pty) Ltd Building 1, Ground Floor, South Wing, Meyersdal Office Park, 65 Philip Engelbrecht Avenue, Meyersdal 1448, P.O. Box 2099, Mondeor, 2110, South Africa	-	Subsidiary	100	2(87)
16	Emcure Brasil Farmacêutica Ltda. Avenida da Nações Unidas, No. 12551, 9th floor, room 909, Brooklin Paulista, City of São Paulo, State of São Paulo, ZIP 04578-000	-	Subsidiary	99.99	2(87)
17	Emcure Pharma Peru S.A.C. Avenue Javier Prado No. 488 Corners With Calle Orquideas 444, San Isidro Office No. 2224, Floor 22, Lima Province	-	Subsidiary	99.00	2(87)
18	Emcure Pharma Mexico S.A. DE C.V. Av. Paseo de las Palmas #920, Oficina 13, Col. Lomas de Chapultepec, CP 11000, Mexico DF, Mexico	-	Subsidiary	99.99	2(87)
19	Emcure Pharmaceuticals Pty Ltd. Shop 3, Henley Road, Homebush West, NSW – 2140	-	Subsidiary	100	2(87)
20	Emcure NZ Limited 7A, Whitford Wharf Road, Whitford, Auckland 2571	-	Step-down Subsidiary	100 (Held by Emcure Pharmaceuticals Pty Ltd.)	2(87)
21	Tillomed Pharma GmbH Manhager Allee 36, 22926 Ahrenburg	-	Step-down Subsidiary	100 (Held by Emcure Pharma UK Ltd.)	2(87)
22	Tillomed France SAS 34 Rue Jean Mermoz 78600, Maisons-Laffitte, France	-	Step-down Subsidiary	100 (Held by Emcure Pharma UK Ltd.)	2(87)
23	**Tillomed Laboratories B.V. Smallepad 32, 3811 MG Amersfoort, the Netherlands.	-	Step-down Subsidiary	100 (Held By Emcure Pharma UK Ltd.)	2(87)

*Tillomed Holdings Ltd., Company's step-down Subsidiary, was dissolved on April 16, 2019 and it ceased to be a subsidiary.

**Tillomed Laboratories B.V., Netherlands was incorporated as Wholly owned subsidiary of Emcure Pharma UK Ltd. on April 24, 2019.

Annexure - G to Board's Report

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Equity Shares held at the beginning of the year				No. of Equity Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
(1) Indian									
a) Individual / HUF	8,68,09,260	-	8,68,09,260	48.00	8,68,34,260	-	8,68,34,260	48.01	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other….	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1):	**8,68,09,260**	**-**	**8,68,09,260**	**48.00**	**8,68,34,260**	**-**	**8,68,34,260**	**48.01**	**-**
(2) Foreign									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other….	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2):	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters (A) = (A)(1)+(A)(2)	**8,68,09,260**	**-**	**8,68,09,260**	**48.00**	**8,68,34,260**	**-**	**8,68,34,260**	**48.01**	**-**
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds / UTI	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture									
Capital Funds	2,36,73,544	-	2,36,73,544	13.09	2,36,73,544	-	2,36,73,544	13.09	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1):	2,36,73,544	-	2,36,73,544	13.09	2,36,73,544	-	2,36,73,544	13.09	-
(2) Non-Institutions									
a) Bodies Corporate	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual Shareholders holding nominal share capital up to 1 lakh	-	-	-	-	-	-	-	-	-

Annexure - G to Board's Report

Category of Shareholders	No. of Equity Shares held at the beginning of the year				No. of Equity Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual Shareholders holding nominal share capital in excess of 1 lakh	6,97,77,876	5,91,436	7,03,69,312	38.91	7,03,44,312	-	7,03,44,312	38.90	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(2):	**6,97,77,876**	**5,91,436**	**7,03,69,312**	**38.91**	**7,03,44,312**	-	**7,03,44,312**	**38.90**	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	**9,34,51,420**	**5,91,436**	**9,40,42,856**	**52.00**	**9,40,17,856**	-	**9,40,17,856**	**51.99**	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**18,02,60,680**	**5,91,436**	**18,08,52,116**	**100**	**18,08,52,116**	-	**18,08,52,116**	**100**	-

ii. Shareholding of Promoters

Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
	No. of Equity Shares	% of total Equity Shares of the Company	% of Equity Shares Pledged / encumbered to total shares	No. of Equity Shares	% of total Equity Shares of the Company	% of Equity Shares Pledged / encumbered to total shares	
Satish Mehta	7,57,24,248	41.87	0	7,57,49,248	41.88	0	.0
Sunil Mehta	76,33,248	4.22	0	76,33,248	4.22	0	0
Sunil Mehta J/w Kamini Mehta	34,51,764	1.91	0	34,51,764	1.91	0	0

iii. Change in Promoters' Shareholding (Please specify, if there is no change)

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Equity Shares	% of total Equity Shares of the Company	No. of Equity Shares	% of total Equity Shares of the Company
Satish Mehta	7,57,24,248	41.87	7,57,49,248	41.88
Sunil Mehta	No changes			
Sunil Mehta J/w Kamini Mehta	No changes			

iv. Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Changes during the Year		Cumulative Shareholding during the year	
	No. of Equity Shares	% of total Equity Shares of the Company	Date of change	Increase / Decrease	No. of Equity Shares	% of total Equity Shares
B C Investments IV Ltd.	2,36,73,544	13.09%	-	-	2,36,73,544	13.09%
Samit Mehta	1,35,47,632	7.49%	-	-	1,35,47,632	7.49%

Annexure - G to Board's Report

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Changes during the Year		Cumulative Shareholding during the year	
	No. of Equity Shares	% of total Equity Shares of the Company	Date of change	Increase / Decrease	No. of Equity Shares	% of total Equity Shares
Sanjay Mehta	1,18,23,116	6.54%	-	-	1,18,23,116	6.54%
Bhavana Mehta	92,56,888	5.12 %	-	-	92,56,888	5.12%
Kamini Mehta	66,46,540	3.68%	-	-	66,46,540	3.68%
Pushpa Mehta	43,36,052	2.40%	-	-	43,36,052	2.40%
Sanjay Mehta J/w Sonali Mehta	39,40,912	2.18%	-	-	39,40,912	2.18%
Sonali Mehta	27,66,120	1.53%	-	-	27,66,120	1.53%
Kamini Mehta J/w Sunil Mehta	14,53,420	0.80%	-	-	14,53,420	0.80%
Arunkumar Khanna	12,00,000	0.66%	-	-	12,00,000	0.66%

V. Shareholding of Directors and Key Managerial Personnel

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Equity Shares	% of total Equity Shares of the Company	No. of Equity Shares	% of total Equity Shares of the Company
Mr. Humayun Dhanrajgir, Chairman				
At the beginning of the year	1,54,284	0.09	1,54,284	0.09
At the end of the year	1,54,284	0.09	1,54,284	0.09
Mr. Samonnoi Banerjee, Director				
At the beginning of the year	-	-	-	-
At the end of the year	-	-	-	-
Mr. Berjis Desai, Director				
At the beginning of the year	1,92,856	0.11	1,92,856	0.11
At the end of the year	1,92,856	0.11	1,92,856	0.11
Dr. Mukund Gurjar, Whole-time Director				
At the beginning of the year	2,95,716	0.16	2,95,716	0.16
At the end of the year	2,95,716	0.16	2,95,716	0.16
Mrs. Namita Thapar, Whole-time Director & CFO				
At the beginning of the year	63,39,800	3.51	63,39,800	3.51
At the end of the year	63,39,800	3.51	63,39,800	3.51
Mr. Shreekant Bapat, Director				
At the beginning of the year	2,00,084	0.11	-	-
#May 06, 2019	25,000	0.01	1,75,084	0.10
At the end of the year	1,75,084	0.10	1,75,084	0.10

Annexure - G to Board's Report

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Equity Shares	% of total Equity Shares of the Company	No. of Equity Shares	% of total Equity Shares of the Company
Mr. Satish Mehta, Managing Director				
At the beginning of the year	7,57,24,248	41.87	-	-
#May 06, 2019	25,000	0.01	7,57,49,248	41.88
At the end of the year	7,57,49,248	41.88	7,57,49,248	41.88
Mr. Sunil Mehta, Whole Time Director				
At the beginning of the year	1,10,85,012	6.13	1,10,85,012	6.13
At the end of the year	1,10,85,012	6.13	1,10,85,012	6.13
***Mr. Sanjay Kumar Chowdhary, Company Secretary**				
At the beginning of the year	-	-	-	-
At the end of the year	-	-	-	-
****Mr. Jayant Prakash, Company Secretary**				
At the beginning of the year	-	-	-	-
At the end of the year	-	-	-	-

#Demat transfer of 25,000 Equity Shares of the Company held by Mr. Shreekant Bapat to Mr. Satish Mehta on May 06, 2019

*Mr. Sanjay Kumar Chowdhary resigned as Company Secretary of the Company with effect from November 02, 2019.

** Mr. Jayant Prakash was appointed as Company Secretary of the Company with effect from December 07, 2019.

V. INDEBTEDNESS

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

Rs. in million

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
(i) Principal Amount	12,313. 11	-	-	12,313. 11
(ii) Interest due but not paid	-			-
(iii) Interest accrued but not due	20.17	-	-	20.17
Total (i+ii+iii)	**12,333.29**	**-**	**-**	**12,333.29**
Change in Indebtedness during the financial year				
Addition	2,063.73	-	-	2,063.73
Reinstatement	80.79	-	-	80.79
Reduction	(2,461.37)	-	-	(2,461.37)
Changes in Interest Accrued but not due	38.68	-	-	38.68
Net Change	**(278.17)**	**-**	**-**	**(278.17)**
Indebtedness at the end of the financial year				
(i) Principal Amount	11,996.26	-	-	11,996.26
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	58.85	-	-	58.85
Total (i+ii+iii)	**12,055.12**	**-**	**-**	**12,055.12**

Annexure - G to Board's Report

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Rs. in million

Sr. no	Particulars of Remuneration	Total Amount
1	Gross Salary including value of perquisites and other benefits [Total (A)]	**245.55**
2	Ceiling as per the Act	**261.28**

B. Remuneration to other directors

1. Independent Directors

Rs. in million

Sr. No.	Particulars of Remuneration	Total Amount
1	Fee for attending Board/Committee Meetings	0.68
2	Commission	**6.90**
3	Others, please specify	**-**
	Total (1)	**7.58**

2. Other Non-Executive Directors

Rs. in million

Sr. No.	Particulars of Remuneration	Total Amount
1.	Fee for attending Board/Committee Meetings	0.16
2.	Commission	-
3.	Others, please Specify	-
	Total (2)	**0.16**
	Total (B) = (1+2)	**7.74**
	Total Managerial remuneration [(A)+(B)]	**253.29**
	Overall ceiling as per the Act	**287.41**

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

Rs. in million

Sr. No.	Particulars of Remuneration	Total Amount
1	Gross Salary including value of perquisites and other benefits	7.19
	Total	**7.19**

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	NONE				
Punishment					
Compounding	Section 134(3)(h)	Disclosure in the Form AOC-2 attached to the Board's Report of the Company during one of the preceding Financial Year (FY) was not as per the format prescribed under the Act.	0.10	Regional Director	No
B. DIRECTORS					
Penalty	NONE				
Punishment					

Annexure - G to Board's Report

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)
Compounding	Section 129(3)	During one of the preceding FY, Form AOC-1 was not attached to the Board's Report of the Company and it was stated in the report that details of subsidiaries are given in the consolidated financial statement.	1.60	Regional Director	No
	Section 129	Plant and Machineries capitalized during one of the preceding Financial Year was wrongly classified.			
		During one of the preceding FY, some of the stock was wrongly classified as 'Short term loans & advances'.			
		During one of the preceding FY, there was no provisions for doubtful debts in respect of the old balances which are outstanding for more than 4 years and above.			
	Section 134(3)(h)	Disclosure in the Form AOC-2 attached to the Board's Report of the Company during one of the preceding FY was not as per the format prescribed under the Act.			
C. OTHER OFFICERS IN DEFAULT					
Penalty	NONE				
Punishment					
Compounding					

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
EMCURE PHARMACEUTICALS LIMITED

Place: Pune
Date: July 27, 2020

SATISH MEHTA
MANAGING DIRECTOR
DIN: 00118691

SHREEKANT BAPAT
DIRECTOR
DIN: 00621568

Corporate Governance Report

THE COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company has always been committed to the practice of good Corporate Governance. Being a global Company, the Company has identified accountability, integrity and transparency in its affairs as the quintessential elements of attaining its goals. The Company aims at improving its shareholders' wealth by focusing on best ethical practices of good Corporate Governance. The Company seeks to protect the interest of its shareholders, employees and other stakeholders by following such good Corporate Governance practices. Although not mandatory, this approach will help the Company become compliant as and when the code becomes applicable to the Company in the future.

I. **BOARD OF DIRECTORS:**

Composition:

The Company has a dynamic Board comprising of Eight Directors, of whom, four are Whole-time Directors, three Non-Executive and Independent Directors including the Chairman and one Non-Executive and Non-Independent Director. All the Non-Executive Directors possess varied and rich experience in their respective fields and provide independent judgment on issues connected with strategic planning, business development and standards of conduct.

All Directors, except Mr. Satish Mehta, Mr. Samonnoi Banerjee and Independent Directors appointed under the provisions of the Companies Act, 2013, are liable to retire by rotation.

a) **Details of the Board of Directors:**

Name of the Director	Relationship with other Directors	Category	No. of Board Meetings attended	No. of other Directorships held*	Committees of which**	
					Member	Chairman
Mr. Berjis Desai	-	Independent & Non-Executive Director	5	12	6	4
Mr. Humayun Dhanrajgir	-	Independent & Non-Executive Director (Chairman)	1	6	2	1
Dr. Mukund Gurjar	-	Whole-time Director	4	Nil	Nil	Nil
Mrs. Namita Thapar	Daughter of Mr. Satish Mehta, Managing Director	Whole-time Director & Chief Financial Officer	5	4	Nil	Nil
Mr. Samonnoi Banerjee	-	Non-Executive Director	5	Nil	Nil	Nil
Mr. Satish Mehta	Father of Mrs. Namita Thapar, Chief Financial Officer & Director	Promoter & Managing Director	6	2	1	Nil
Mr. Shreekant Bapat	-	Independent & Non-Executive Director	6	3	NIL	2
Mr. Sunil Mehta	-	Promoter & Whole-time Director	5	1	1	Nil
***Mr. Palamadai Jayakumar	-	Additional Director	0	3	1	3

* Number of Directorships exclude Directorships in Companies incorporated outside India.

** For the purpose of computing the number of committees, membership/ chairmanship of the Audit Committee and Investor Grievance/stakeholder relationship Committee have been considered.

*** Mr. Palamadai Jayakumar has been appointed as additional Director (Non-Executive & Independent) of the Company with effect from July 22, 2020.

Corporate Governance Report

b) Details of Board Meetings and Attendance:

The Board meets at least once in each quarter and the gap between any two Board meetings was not more than 120 days.

During the financial year ended March 31, 2020, six Board Meetings were held on the following dates –

Sr. No.	Date of Meeting	Board Strength	No. of Directors present
1	April 02, 2019	8	6
2	May 30, 2019	8	6
3	June 06, 2019	8	4
4	July 18, 2019	8	7
5	November 08, 2019	8	6
6	February 04, 2020	8	8

A. None of the Non-Executive Directors of the Company, have any pecuniary relationship or transactions with the Company other than sitting fees paid for attending Board Meetings/ committee meetings and commission paid to them.

B. Mr. Satish Mehta, Mrs. Namita Thapar, Mr. Shreekant Bapat, Dr. Mukund Gurjar and Mr. Sunil Mehta attended the last Annual General Meeting of the Company held on August 19, 2019.

c) Meeting of Independent Directors:

The Company's Independent Directors meet at least once in every calendar year without the presence of Whole-time Directors or management personnel. Such meetings are conducted informally to enable Independent Directors to discuss matters as prescribed under the Companies Act, 2013 including those pertaining to the Company's affairs and put forth their views.

The Independent Directors meeting was held on July 22, 2020

Brief Resume, Other Directorships and Committee Memberships of Directors seeking Re-appointment at the forthcoming Annual General Meeting:

Director liable to retire by rotation seeking re-appointment

Mrs. Namita Thapar

Mrs. Namita Thapar is a Whole-time Director and Chief Financial Officer of the Company. She is a graduate in Commerce from the Pune University. She is also a member of the Institute of Chartered Accountants of India and received her Masters in Business Administration from the Fuqua School of Business in 2001. Prior to joining the Company in 2006, she worked in the USA for Glaxo and Guidant (now Abbott) in various finance roles. Mrs. Thapar is also the Founder and CEO of Incredible Ideas Pvt. Ltd., a franchisee of Young Entrepreneurs Academy, USA, which brings innovative entrepreneurship education to middle and high school students of India.

List of other Directorships (excluding Bodies Corporate)	Chairmanship/Membership of the Committees of the Board of Directors of other companies on which he is a Director (only Audit committee and Investor Grievance committee)
1. Zuventus Healthcare Ltd.	Nil
2. Thapar Ventures Pvt. Ltd	
3. Incredible Ideas Pvt. Ltd.	
4. Incredible Ventures Pvt. Ltd.	

II. BOARD COMMITTEES:

As mandated under the Companies Act, 2013, the Board has formed the following committees: Audit Committee, Nomination and Remuneration Committee, Investor Grievance & Share Transfer Committee and Corporate Social Responsibility Committee.

The terms of reference of the Board Committees are determined by the Board from time to time. The Board is responsible for constituting, assigning and co-opting the members of the Committees.

1. Audit Committee:

- The Company has a qualified and Independent Audit Committee which has been formed in pursuance of Section 177 of the Companies Act, 2013. The Primary objective of the Committee is to monitor and provide effective supervision of the management's financial reporting process to ensure accurate and timely disclosures with the highest levels of transparency, integrity and quality of financial reporting.

Terms of Reference:

a) To review and monitor the auditor's independence and performance and effectiveness of audit process;

b) To approve transactions of the Company with related parties of the Company and/or any subsequent modification thereof;

c) To review and scrutinize inter-corporate loans and investments on periodical basis;

d) To undertake valuation of undertakings or assets of the Company, wherever it is necessary;

e) To evaluate internal financial controls and risk management systems;

f) To consider appointment of Registered Valuers;

g) Recommendation for appointment, remuneration and terms of appointment of the auditors.

h) To review the reports/ certificates placed before it, as mandated by Companies Act, 2013;

i) To monitor the effectiveness of the Company's governance practices and making changes as needed;

j) To ascertain and ensure that the Company has an adequate and functional vigil mechanism and ensuring that the interest of a person, who uses such a mechanism, is not prejudicially affected on account of such use, as and when applicable;

k) To report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy;

l) The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the Company;

m) The Audit Committee shall have authority to investigate into any matter in relation to the items specified in sub-section (4) of Section 177 of the Companies Act 2013 or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the Company;

n) Any other matters / authorities / responsibilities / powers assigned as per Companies Act, 2013 and Rules made thereunder, as amended from time to time.

- Details of the composition and attendance of Members of the Audit Committee during the Financial Year 2019-20 are as follows:

During the year under review, the Audit Committee was reconstituted in the Board meeting held on February 04, 2020, which comprises four Directors viz. Mr. Shreekant Bapat, as Chairman of the Committee, Mr. Humayun Dhanrajgir, Mr. Berjis Desai and Mrs. Namita Thapar as Members of the Committee. Mr. Satish Mehta, Managing Director, is permanent Invitee to the Audit Committee Meetings. The Statutory Auditors and the Internal Auditors attend the committee meetings by invitation. The Company Secretary acts as a Secretary to the Committee.

Corporate Governance Report

- Three Audit Committee Meetings were held on the following dates – July 18, 2019, November 08, 2019 and February 04, 2020.

Name of the Member	No. of meetings		Category of Directorship
	Held	Attended	
Mr. Shreekant Bapat	3	3	Independent Director
Mr. Humayun Dhanrajgir	3	1	Independent Director
Mr. Berjis Desai	3	3	Independent Director
*Mrs. Namita Thapar	3	-	Whole-time Director and Chief Financial Officer

*Mrs. Namita Thapar was inducted as member of the Audit Committee w.e.f. February 04, 2020.

2. Nomination and Remuneration Committee:

- The Committee has been formed in compliance with the provisions of Section 178 of the Companies Act, 2013. The purpose of this committee of the Board of Directors ('the Board') shall be to discharge the Board's responsibilities related to nomination and remuneration of the Company's Managing Director/Whole-time directors/non-executive directors. The committee has the overall responsibility of approving and evaluating the nomination and remuneration plans, policies and programs for Whole-time directors/non-executive directors, Key Managerial Personnel and other employees.
- **Terms of Reference:**

  a) Reviewing the structure, size and composition of the Board and making recommendations to the Board with regard to changes, if any.

  b) Identifying persons who are qualified to become directors and who may be appointed to senior management and recommending to the Board their appointment and removal and shall carry out evaluation of every director's performance.

  c) Formulating the criteria for determining qualifications, positive attributes and independence of a director.

  d) Devising a policy on Board diversity.

  e) Recommending to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

  f) Overseeing the Company's Stock option schemes and long term incentive plans which include determination of the eligibility for benefits and approval of total annual payments.

  g) Policy on evaluation of the Board.

- Details of the composition and attendance of Members of the Nomination and Remuneration Committee during the financial year 2019-20:

  The Nomination and Remuneration Committee comprises of Mr. Shreekant Bapat, as Chairman of the Committee, Mr. Humayun Dhanrajgir, Mr. Berjis Desai and Mr. Samonnoi Banerjee as Members of the Committee.

  Four Nomination and Remuneration Committee meetings were held on the following dates – June 06, 2019, July 18, 2019, November 08, 2019 & February 04, 2020.

Name of the Member	No. of meetings		Category of Directorship
	Held	Attended	
Mr. Shreekant Bapat	4	4	Independent Director
Mr. Humayun Dhanrajgir	4	1	Independent Director
Mr. Berjis Desai	4	4	Independent Director
Mr. Samonnoi Banerjee	4	4	Non-Executive Director

- **Compensation Policy:**

  The Company follows a market linked remuneration policy, which is aimed at enabling the Company to attract and retain the best talent. Compensation is also linked to individual and team performance as they support the achievement of Corporate Goal.

- **Board Performance Evaluation:**

  The Company has devised a performance Evaluation Framework and policy, which sets out a mechanism for the evaluation of the Board and the Directors.

  Performance evaluation of the Board and the Directors was carried out through an evaluation mechanism in terms of the aforesaid Performance Evaluation Framework and Policy.

3. Investor Grievance & Share Transfer Committee:

- The Investor Grievance & Share Transfer (IGST) Committee was constituted to deal with transfer/ transmission of shares and all other incidental and allied matters in respect of the shares of the Company and to look into the issues relating to Investors Grievances.
- Details of the composition and attendance of Members of the IGST Committee during the Financial Year 2019-20.

The Committee comprises of Mr. Shreekant Bapat, as Chairman of the Committee, Mr. Satish Mehta and Mr. Berjis Desai as Members of the Committee.

No IGST Committee meeting held during the Financial Year 2019-20.

During the year, the Company and/or its Registrar and Share Transfer agent did not receive any complaints from the shareholders of the Company. No complaints were outstanding at the beginning of the current financial year.

4. Corporate Social Responsibility Committee:

- The Corporate Social Responsibility (CSR) Committee implements and supervises the CSR initiatives of the Company.
- Terms of reference:

  a) To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activity or activities to be undertaken by the Company;

  b) To recommend the amount of expenditure to be incurred on the activities related to CSR;

  c) To monitor the Corporate Social Responsibility Policy of the Company from time to time.

- Details of the composition and attendance of Members of the CSR Committee:

The CSR Committee comprises of Mr. Shreekant Bapat, as Chairman of the Committee, Mr. Sunil Mehta and Mrs. Namita Thapar as Members of the Committee.

Three CSR Committee meetings were held on the following dates – July 18, 2019, November 08, 2019 and February 04, 2020.

Name of the Member	No. of Meetings		Category of Directorship
	Held	Attended	
Mr. Shreekant Bapat	3	3	Independent Director
Mr. Sunil Mehta	3	3	Whole-time Director
Mrs. Namita Thapar	3	3	Whole-time Director & Chief Financial Officer

Corporate Governance Report

III. **REMUNERATION OF DIRECTORS:**

A. **Particulars of Commission and sitting fees paid to Non-Executive Directors during the financial year ended March 31, 2020:**

(Rs. In Million)

Sr. No.	Particulars	Amount
1.	Commission	6.90
2.	Sitting Fees	0.84
	Total	**7.74**

The Non-Executive Directors are paid sitting fees of Rs. 20,000/- for each meetings of the Board and/or Committee attended by them.

Note: The aforesaid sitting fees and commission amounts are excluding applicable tax.

Shareholding of the Non-Executive/Independent Directors in the Company as on March 31, 2020:

Name of the Director	No. of Equity shares held
Mr. Humayun Dhanrajgir	154,284
Mr. Berjis Desai	192,856
Mr. Shreekant Bapat	175,084
Mr. Samonnoi Banerjee	Nil

B. **Particulars of remuneration paid to the Managing Director/Whole-time Directors of the Company during the Financial Year 2019-20:**

(Rs. In Million)

Sr. No.	Particulars of Remuneration	Amount
1.	Gross salary including value of perquisites and other benefits	245.55
	Total	**245.55**

The Company enters into an agreement with all above mentioned Directors. Either party to an agreement is entitled to terminate the agreement by giving not less than 6 months' notice in writing to the other party.

IV. **GENERAL BODY MEETINGS:**

The last three Annual General Meetings of the Company were held at the venue and time as under:

Sr. No.	Year	Venue	Date & Time	Special Resolution Passed
1.	2016-17	"Emcure House" T-184, MIDC, Bhosari Pune - 411026.	August 8, 2017 1.00 P.M.	Yes
2.	2017-18	Plot No. P2, IT-BT Park, Phase II, M.I.D.C., Hinjawadi, Pune–411 057.	August 28, 2018 11.00 A.M.	Yes
3.	2018-19	Plot No. P2, IT-BT Park, Phase II, M.I.D.C., Hinjawadi, Pune–411 057.	August 19, 2019 10.00 A.M.	Yes

V. **EXTRA-ORDINARY GENERAL MEETING:**

During the year under review, one Extra-Ordinary General meeting was held on March 16, 2020 to transact the following businesses:

1. Approval of maximum limit for payment of remuneration to Mr. Satish Mehta, Managing Director of the Company.
2. Approval of maximum limit for payment of remuneration to Mr. Sunil Mehta, Whole-time Director of the Company.
3. Approval of maximum limit for payment of remuneration to Mrs. Namita Thapar, Whole-time Director & CFO of the Company.
4. Approval of maximum limit for payment of remuneration to Dr. Mukund Gurjar, Whole-time Director of the Company.

VI. **DISCLOSURES BY MANAGMENT:**

a) No material, financial and commercial transactions were reported by the management to the Board, in which the management had personal interest having a potential conflict with the interest of the Company at large.

b) There are no transactions with the Director or management, their associates or their relatives etc. that may have potential conflict with the interest of the Company at large.

None of the transactions with any of related parties were in conflict with the Company's interest. All related party transactions are negotiated on arm's length basis and are intended to further the Company's interests.

VII. **GENERAL SHAREHOLDER INFORMATION:**

(i) Annual General Meeting:

Day & Date	:	Friday, August 21, 2020
Time	:	12.00 Noon
Venue	:	Plot No. P2, IT-BT Park, Phase II, M.I.D.C., Hinjawadi, Pune –411 057.

(ii) **Financial Year:** April 01, 2019 to March 31, 2020

(iii) **Book closure date:** NA

(iv) **Date of Declaration of dividend:** NA

(v) **Website: https://emcure.com/**

(vi) **Share transfer system:** The IGST committee approves the transfers, transmissions, issue of duplicate share certificates etc.

For lodgement of transfer deeds and other documents, any grievances/ complaints, shareholders may contact the Company Secretary at the details mentioned under the address for correspondence.

(vii) Plant / R & D Locations:

- Plot 12/2, F-II Block, M.I.D.C, Pimpri, Pune- 411 018.
- Plot No. P-1 & P-2, M.I.D.C., Hinjawadi, Pune – 411 057.
- Plot No. D-24 and D-24/1, M.I.D.C., Kurkumbh, Taluka - Daund, District: Pune 413 802.
- SIDCO Industrial Estate, Lane No. 3, Phase II, Bari Brahmana, Jammu -181130.
- Plot No. C -10 (12), MIDC Bhosari, Pune 411 026.
- Plot No: SM-14, 15, 16-1 Sanand II, Charal Industrial Estate, GIDC, Tal: Sanand, Dist: Ahmedabad
- Survey No. 661, 671, Uvarsad Cross Road, Sarkhej – Gandhinagar Highway, Adalaj, Gandhinagar – 382 421 Gujarat.
- New Survey No. 485 (Old Survey 160 Paiki 1) at Kadu Taluka, Lakhtar, Surendranagar, Gujarat - 382775. (w.e.f. July 2020).

(viii) Address for correspondence:

Company Secretary

"Emcure House" T-184, M.I.D.C

Bhosari, Pune -411026.

Secretarial@emcure.co.in

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
EMCURE PHARMACEUTICALS LIMITED

Place: Pune	**SATISH MEHTA**	**SHREEKANT BAPAT**
Date: July 27, 2020	**MANAGING DIRECTOR**	**DIRECTOR**
	DIN: 00118691	DIN: 00621568

Independent Auditor's Report

To the Members of Emcure Pharmaceuticals Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Emcure Pharmaceuticals Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements section* of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules 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 opinion on the Standalone financial statements.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained 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.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Independent Auditor's Report

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 (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

    e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 as at 31 March 2020 on its financial position in its standalone financial statements - Refer Note 40 to the standalone financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **BSR & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/ W-100022

Place: Mumbai
Date: 22 July 2020

Nirav Patel
Partner
Membership No: 113327
UDIN: 20113327AAAABX3363

Independent Auditor's Report

Annexure A to the Independent Auditors' Report on Standalone financial statement – 31 March 2020

With reference to the Annexure referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of the Company on the Standalone financial statements for the year ended 31 March 2020, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program of physical verification of its fixed assets by which all its fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its fixed assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The title deeds of the immovable properties are held in the name of the Company.

(ii) The inventory, except goods in transit, has been physically verified by the management during the year as well as subsequent to year end in accordance with the programme of physical verification. The discrepancies noticed on verification between the physical stock and the book records were not material and have been properly dealt with in the books of account. In our opinion, the frequency of such verification is reasonable and adequate in relation to the size of the Company and the nature of its business. In respect of significant stocks lying with third parties at the year end, written confirmation from major parties have been obtained.

(iii) The Company has not granted any loan, secured or unsecured, to Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 except unsecured loans to Seven body corporates covered in the register maintained under Section 189 of the Companies Act, 2013.

(a) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudice to the Company's interest.

b) In respect of aforesaid loans, the schedule of payment of principal and payment of interest has been stipulated and no payment of principal and interest is due during the year.

c) In respect of aforesaid loans, there is no amount which is overdue for more than ninety days.

(iv) According to the information and explanation provided to us, the Company has neither granted any loan nor made any investment, or guarantee or security during the year, to which section 185 of the Companies Act, 2013 is applicable. According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has complied with the provision of section 186 of the Companies Act, 2013 in respect of the loans and investment made and guarantee and security provided.

(v) The Company has not accepted any deposits from the public in terms of directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 of the Act and the rules made there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under section 148(1) of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employee's State Insurance, Income Tax, Duty of Customs, Goods and Services Tax and any other statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities except amount in connection with certain employee related dues as more fully described in note 40 to the financial statements. As explained to us, the Company do not have dues on account of Sales Tax, Service Tax, Value Added Tax, Cess and Duty of Excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employee's State Insurance, Income Tax, Sales Tax, Services Tax, Duty of Customs, Duty of Excise, Value Added Tax, Goods and Services Tax and any other statutory dues were in arrears as at 31 March 2020, for a period of more than six months from the date they became payable except amount in connection with certain employee related dues as more fully described in note 40 to the financial statements.

(b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Services Tax, Duty of Customs, Duty of Excise, Goods and Service Tax and Value Added Tax which have not been deposited with the appropriate authorities by the Company on account of disputes other than those stated in Appendix 1 to this Report.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or financial institution. The Company did not have any dues to any Government or any outstanding debentures during the year.

(ix) In our opinion and according to the information and explanation given to us, the term loans taken by the Company have been applied for the purpose of which they were raised. The Company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India, and according to the information and explanations given to us, we have neither come across any instances of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

(xi) According to the information and explanation given to us, the managerial remuneration is paid or provided in accordance with the requisite approvals mandated by the provision of section 197 read with schedule V of the Act.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company as per the Act. Accordingly, the reporting under paragraph 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanation given to us, all transactions with related parties are in compliance with section 177 and 188 of the Act and the details, as required by the applicable accounting standard have been disclosed in the Standalone Ind AS financial statements.

Independent Auditor's Report

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partially convertible debentures during the year. Accordingly, the reporting under paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them during the year. Accordingly, the reporting under paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to register under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under paragraph 3(xvi) of the Order is not applicable.

For **BSR & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/ W-100022

Place: Mumbai
Date: 22 July 2020

Nirav Patel
Partner
Membership No: 113327
UDIN: 20113327AAAABX3363

Independent Auditor's Report

Appendix -1

Details of amount unpaid on account of disputes:

Name of Statute	Nature of the dues	Period to which the amount relates*	Amount Demanded (Rs. In million)	Amounts paid under protest (Rs. In million)	Forum where dispute is pending
The Orissa Entry Tax Act, 1999	Entry Tax	2005-06 and 2006-07	1.15	0.34	Cuttack Sales Tax Tribunal
The Telangana Value Added Tax Act, 2005	Value added tax	June 2014 to March 2016	0.20	-	The Appellate Tribunal, Hyderabad
The Maharashtra Value Added Tax Act, 2002 & Central Sales Tax Act, 1956	Value added tax and Central Sales Tax	2013-14	15.63	15.63	Jt. Commissioner of Sales Tax (Appeals), Pune Div., Pune
The Income Tax Act, 1961	Income Tax	AY 2014-15 to AY 2015-16**	17.65	-	Income Tax Appellate Tribunal, Pune
The Income Tax Act, 1961	Income Tax	AY 2010-11***	2.59	-	The Hon'ble High Court of Bombay
The Income Tax Act, 1961	Income Tax	AY 2016-17	3.52	-	Commissioner of Income Tax, Pune
The Tamil Nadu Value Added Tax Act, 2006	Value added tax	FY 2014-15	29.91	3.10	Tamilnadu Sales Tax Tribunal
The Tamil Nadu Value Added Tax Act, 2006	Value added tax	FY 2015-16	46.60	6.00	Tamilnadu Sales Tax Tribunal

* AY stands for Assessment Year and FY stands for Financial Year

** Income tax department has went into appeal against the favourable order of Commissioner of Income Tax (Appeals).

*** Income tax department has went into appeal against the favourable order of Income Tax Appellate Tribunal.

Independent Auditor's Report

Annexure B to the Independent Auditors' report on the Standalone financial statements of Emcure Pharmaceuticals Limited for the year ended 31 March 2020.

Report on the internal financial controls with reference to the aforesaid Standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph '2(A)(f)' under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Emcure Pharmaceuticals Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds 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 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 Standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

For **BSR & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/ W-100022

Place: Mumbai
Date: 22 July 2020

Nirav Patel
Partner
Membership No: 113327
UDIN: 20113327AAAABX3363

Balance Sheet as at March 31, 2020

Rs. in million

Particulars	Note	March 31, 2020	March 31, 2019
Assets			
Non-current assets			
Property, plant and equipment	2	9,701.54	10,194.91
Capital work-in-progress	3	3,260.59	4,059.55
Right-of -use assets	47	1,256.44	-
Intangible assets	4	702.60	804.32
Financial assets			
i) Investments	5	4,077.09	3,105.71
ii) Loans	6	732.51	662.55
iii) Other financial assets	7	253.57	209.59
Income tax assets (net)	36	333.88	332.77
Other non-current assets	8	318.16	356.04
Total non- current assets		**20,636.38**	**19,725.44**
Current assets			
Inventories	9	4,436.62	4,956.52
Financial assets			
i) Trade receivables	10	11,382.93	9,101.12
ii) Cash and cash equivalents	11A	296.22	193.45
iii) Bank balances other than (ii) above	11B	95.93	91.56
iv) Other financial assets	12	587.94	315.87
Other current assets	13	1,276.02	1,391.71
Total current assets		**18,075.66**	**16,050.23**
Total assets		**38,712.04**	**35,775.67**
Equity and liabilities			
Equity			
Equity share capital	14	1,808.52	1,808.52
Other equity	15	17,336.98	15,966.55
Total equity		**19,145.50**	**17,775.07**
Liabilities			
Non-current liabilities			
Financial liabilities			
i) Borrowings	16	4,538.73	4,423.85
ii) Lease Liabilities	47	469.66	-
iii) Other financial liabilities	17	135.34	160.53
Provisions	18	303.71	256.36
Deferred tax liabilities (net)	35	321.26	423.97
Other non-current liabilities	19	-	2.63
Total non-current liabilities		**5,768.70**	**5,267.34**
Current liabilities			
Financial liabilities			
i) Borrowings	20	5,609.29	5,432.75
ii) Lease Liabilities	47	56.21	-
iii) Trade payables	21		
Total outstanding dues of Micro and Small Enterprises		0.62	5.43
Total outstanding dues to others		4,385.62	3,229.81
iii) Other financial liabilities	22	2,911.15	3,573.03
Provisions	23	382.55	347.89
Income tax liabilities (net)	36	308.34	1.51
Other current liabilities	24	144.06	142.84
Total current liabilities		**13,797.84**	**12,733.26**
Total liabilities		**19,566.54**	**18,000.60**
Total equity and liabilities		**38,712.04**	**35,775.67**

The notes referred to above form an integral part of the financial statements.
As per our report of even date attached.

For B S R & Co. LLP

Firm Registration: 101248W/W-100022
Chartered Accountants

Nirav Patel
Partner
Membership No. 113327

Place: Mumbai
Date : July 22, 2020
UDIN: 20113327AAAABX3363

For and on behalf of the Board of Directors
Emcure Pharmaceuticals Limited
CIN -U24231PN1981PLC024251

Shreekant Bapat
Director
DIN -00621568

Satish Mehta
Managing Director
DIN -00118691

Jayant Prakash
Company Secretary
Membership No. F6742

Namita Thapar
Whole Time Director &
Chief Financial Officer
PAN - AEDPM2995R

Place: Pune
Date : July 22, 2020

Statement of Profit and Loss

for the year ended March 31, 2020

Rs. in million

Particulars	Note	March 31, 2020	March 31, 2019
Revenue:			
Revenue from operations	**25**	23,757.09	24,537.03
Other income	**26**	1,376.15	908.76
Total income		**25,133.24**	**25,445.79**
Expenses:			
Cost of materials consumed	**27**	5,598.49	5,335.34
Purchases of stock-in-trade		1,916.07	1,965.52
Changes in inventories of finished goods, work-in-progress and stock in trade	**28**	597.03	147.13
Employee benefit expenses	**29**	5,453.50	5,161.37
Depreciation and amortisation expense	**31**	1,549.74	1,298.40
Finance cost	**32**	1,372.21	1,266.54
Other expenses	**30**	5,957.79	6,223.59
Total expenses		**22,444.83**	**21,397.89**
Profit before exceptional items and tax		**2,688.41**	**4,047.90**
Exceptional items	**33**	441.59	349.55
Profit before tax		**2,246.82**	**3,698.35**
Tax expense	**34**		
Current tax		728.14	913.51
Deferred tax		(233.37)	(51.70)
Profit for the year		**1,752.05**	**2,836.54**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	**44**	(31.27)	1.67
Income tax relating to these items	**34**	10.93	(0.58)
Net other comprehensive income not to be reclassified to profit or loss		**(20.34)**	**1.09**
Total comprehensive income for the year		**1,731.71**	**2,837.63**
Earnings per share:			
Basic	**42**	9.69	15.68
Diluted		9.69	15.66
[Face value per share: Rs.10 (Previous year: Rs.10)]			

The notes referred to above form an integral part of the financial statement.

As per our report of even date attached.

For B S R & Co. LLP
Firm Registration: 101248W/W-100022
Chartered Accountants

Nirav Patel
Partner
Membership No. 113327

Place: Mumbai
Date : July 22, 2020
UDIN: 20113327AAAABX3363

For and on behalf of the Board of Directors
Emcure Pharmaceuticals Limited
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Shreekant Bapat
Director
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Managing Director
DIN -00118691

Jayant Prakash
Company Secretary
Membership No. F6742

Namita Thapar
Whole Time Director &
Chief Financial Officer
PAN - AEDPM2995R

Place: Pune
Date : July 22, 2020

Statement of Changes In Equity

for the year ended March 31, 2020

Equity share capital	Note	Rs. in million
As at April 1, 2018		**1,808.52**
Changes in equity share capital	14	-
As at March 31, 2019		**1,808.52**
Changes in equity share capital	14	-
As at March 31, 2020		**1,808.52**

Rs. in million

Other equity	Note	Capital reserve	Securities premium	Share options outstanding account	General reserve	Retained earnings	Foreign currency monetary item translation reserve	Total other equity
As at April 1, 2018		**12.92**	**840.37**	**163.04**	**1,354.98**	**9,897.33**	**28.53**	**12,297.17**
Total comprehensive income for the year ended 31 March 2019								
Profit for the year		-	-	-	-	2,836.54	-	2,836.54
Items of other comprehensive income recognised directly in retained earnings		-	-	-	-	1.09	-	1.09
		-	-	-	-	2,837.63	-	2,837.63
Transactions with owners, recorded directly in equity								
Interim dividend paid on equity Shares	15	-	-	-	-	(452.13)	-	(452.13)
Dividend distribution tax on above	15	-	-	-	-	(92.94)	-	(92.94)
Final dividend on equity shares	15	-	-	-	-	(361.70)	-	(361.70)
Dividend distribution tax on above	15	-	-	-	-	(59.59)	-	(59.59)
		-	-	-	-	(966.36)	-	(966.36)
Others								
Employee share based expense	46	-	-	52.87	-	-	-	52.87
Changes in foreign currency monetary item translation reserve	15	-	-	-	-	-	35.92	35.92
Revenue recognised in retained earnings due to transition to Ind AS 115 - refer note 47	15	-	-	-	-	2,656.97		2,656.97
Options forfeited	15	-	-	(62.89)	62.89	-	-	-
Income tax on above	15	-	-	-	(21.97)	(928.45)	2.77	(947.65)
		-	-	(10.02)	40.92	1,728.52	38.69	1,798.11
As at March 31, 2019		**12.92**	**840.37**	**153.02**	**1,395.90**	**13,497.12**	**67.22**	**15,966.55**

Statement of Changes In Equity

for the year ended March 31, 2020

Rs. in million

Other equity	Note	Capital reserve	Securities premium	Share options outstanding account	General reserve	Retained earnings	Foreign currency monetary item translation reserve	Total other equity
Total comprehensive income for the year ended 31 March 2020								
Profit for the year		-	-	-	-	1,752.05	-	1,752.05
Items of other comprehensive income recognised directly in retained earnings		-	-	-	-	(20.34)	-	(20.34)
		-	-	-	-	1,731.71	-	1,731.71
Transactions with owners, recorded directly in equity								-
Interim dividend on equity Shares	15	-	-	-	-	(271.28)	-	(271.28)
Dividend distribution tax on above	15	-	-	-	-	(22.96)	-	(22.96)
Final dividend on equity shares	15	-	-	-	-	(180.85)	-	(180.85)
Dividend distribution tax on above	15	-	-	-	-	(7.65)	-	(7.65)
		-	-	-	-	(482.74)	-	(482.74)
Others								
Employee share based expense	46	-	-	134.36	-	-	-	134.36
Changes in foreign currency monetary item translation reserve	15	-	-	-	-	-	(19.83)	(19.83)
Options forfeited	15	-	-	(18.28)	18.28	-	-	-
Income tax on above		-	-	-	-	-	6.93	6.93
	15	**-**	**-**	**116.08**	**18.28**	**-**	**(12.90)**	**121.46**
As at March 31, 2020		**12.92**	**840.37**	**269.10**	**1,414.18**	**14,746.09**	**54.32**	**17,336.98**

For description of nature and purpose of Reserves refer note 15.
The notes referred to above form an integral part of the financial statements.
As per our report of even date attached.

For B S R & Co. LLP
Firm Registration: 101248W/W-100022
Chartered Accountants

Nirav Patel
Partner
Membership No. 113327

Place: Mumbai
Date : July 22, 2020
UDIN: 20113327AAAABX3363

For and on behalf of the Board of Directors
Emcure Pharmaceuticals Limited
CIN -U24231PN1981PLC024251

Shreekant Bapat
Director
DIN -00621568

Satish Mehta
Managing Director
DIN -00118691

Jayant Prakash
Company Secretary
Membership No. F6742

Namita Thapar
Whole Time Director &
Chief Financial Officer
PAN - AEDPM2995R

Place: Pune
Date : July 22, 2020

Cash Flow Statement

for the year ended March 31, 2020

Rs. in million

Particulars	March 31, 2020	March 31, 2019
Cash flows from operating activities:		
Profit before tax	**2,246.82**	**3,698.35**
Adjustment for:		
Depreciation and amortisation	1,549.74	1,298.40
Unrealised exchange loss	(11.15)	144.51
Finance costs	1,372.21	1,266.54
Change in fair value of investment in preference shares of subsidiary	19.03	(16.49)
Employee share-based expense	27.48	13.77
Interest income from banks and others	(8.02)	(10.24)
Interest income from intercorporate loans	(50.64)	(48.52)
Net gain/(loss) on loans given to subsidiaries measured at amortised cost	(19.03)	(13.09)
Loss on sale of property, plant and equipment	41.41	7.83
Dividend income	(303.24)	(71.82)
Revenue recognised in retained earnings due to transition to Ind AS 115 (Refer note 46)	-	2,656.97
	4,864.61	**8,926.21**
Working capital adjustments:		
-(Increase) / decrease in inventories	519.90	(192.08)
- (Increase) in trade receivables	(2,281.81)	(3,779.41)
- (Increase) in other financial assets	(275.63)	(165.43)
- Decrease / (Increase) in other assets	154.54	424.62
- (Decrease) / Increase in trade payables	1,151.00	(199.53)
- (Decrease) / Increase in other financial liabilities	(22.34)	(39.61)
- (Decrease) in other liabilities	(1.41)	(65.54)
- Increase in provisions	50.74	56.96
	(705.01)	**(3,960.02)**
Cash generated from operating activities	**4,159.60**	**4,966.19**
Income tax paid (net of refunds)	(307.09)	(1,254.52)
Net cash from operating activities (A)	**3,852.51**	**3,711.67**
Cash flows from investing activities		
Acquisition of property, plant and equipment, intangibles and capital work-in-progress (refer Note 2 below)	(1,007.48)	(2,878.52)
Proceeds from sale of property, plant and equipment	29.06	12.10
Purchase of shares of subsidiary	(983.59)	-
Reedemption Of Optionally Convertible Preference Shares	100.00	-
Intercorporate loans given to subsidiaries	(83.50)	(5.98)
Repayment of intercorporate loans by subsidiaries	10.99	5.08
Interest received from banks and others	7.17	10.96
Interest received on loans to subsidiaries	(5.43)	19.26
Dividend received	303.24	71.82
Term deposit placed	-	(261.60)
Term deposit matured	(18.09)	269.32
Net cash used in investing activities (B)	**(1,647.63)**	**(2,757.56)**
Cash flows from financing activities		
Repayment of long-term borrowings (refer note 1 below)	(2,308.74)	(3,908.92)
Proceeds from long-term borrowings (refer note 1 below)	1,887.22	4,706.15
Proceeds / (repayment) of short-term borrowings (net)	1,791.29	923.61
Repayment of Lease Liabilities	(112.54)	-
Interest paid (refer Note 3 below)	(1,233.15)	(1,289.12)
Interim dividend paid (and related dividend distribution tax)	(294.24)	(545.07)
Final dividend paid (and related dividend distribution tax)	(188.50)	(421.29)
Net cash used in financing activities (C)	**(458.66)**	**(534.64)**
Net increase in cash and cash equivalents (A+B+C)	1,746.22	419.47
Cash and cash equivalent as at 1 April (refer below)	(2,247.96)	(2,666.03)
Effect of exchange rate fluctuations on cash and cash equivalent	(41.74)	(1.40)
Cash and cash equivalent as at 31 March (refer below)	(543.48)	(2,247.96)

Cash Flow Statement

for the year ended March 31, 2020(Continued)

Rs. in million

Changes in liabilities arising from financing activities	March 31, 2020	March 31, 2019
Non current borrowings:		
Opening balance	6,806.32	5,925.55
Amount borrowed during the year	1,887.22	4,706.15
Amount repaid during the year	(2,308.74)	(3,908.92)
Others (includes unrealised foreign exchange differences)	(2.16)	157.55
Closing balance (Refer note 16)	**6,386.96**	**6,880.33**
Finance cost:		
Opening balance	21.87	28.25
Finance cost incurred during the year	1,372.21	1,266.54
Amount paid during the year	(1,233.15)	(1,289.12)
Others (includes borrowing cost capitalised during the year)	(100.41)	16.20
Closing balance (Refer note 22)	**60.52**	**21.87**

Rs. in million

Components of cash and cash equivalent:	March 31, 2020	March 31, 2019
Cash on hand	0.39	0.62
Balances with bank in current accounts	261.23	187.28
Demand deposits (with original maturity of less than 3 months)	34.60	5.55
Bank overdrafts used for cash management purpose	(839.70)	(2,441.41)
Total cash and cash equivalent*	**(543.48)**	**(2,247.96)**

* Cash and cash equivalent includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

Notes:

1. Amount includes swap of loan with other banks amounting to Rs. Nil million (March 31, 2019: Rs. 1,754.55 million)
2. Includes interest expense of Rs. 18.23 million (March 31, 2019: Rs. 25.32 million) which has been capitalised in accordance with Ind AS 23, Borrowing Costs.

The notes referred to above form an integral part of the financial statements.
As per our report of even date attached.

For B S R & Co. LLP
Firm Registration: 101248W/W-100022
Chartered Accountants

Nirav Patel
Partner
Membership No. 113327

Place: Mumbai
Date : July 22, 2020
UDIN: 20113327AAAABX3363

For and on behalf of the Board of Directors
Emcure Pharmaceuticals Limited
CIN -U24231PN1981PLC024251

Shreekant Bapat
Director
DIN -00621568

Satish Mehta
Managing Director
DIN -00118691

Jayant Prakash
Company Secretary
Membership No. F6742

Namita Thapar
Whole Time Director &
Chief Financial Officer
PAN - AEDPM2995R

Place: Pune
Date : July 22, 2020

Notes to the financial statements
for the year ended March 31, 2020(Continued)

1A. General information:

Emcure Pharmaceuticals Limited (hereinafter referred to as "Company") is a Company limited by shares, incorporated and domiciled in India. The Company is engaged in developing, manufacturing and marketing a broad range of pharmaceutical products globally. The Company's core strength lies in developing and manufacturing differentiated pharmaceutical products in-house, which are commercialised through Company's marketing infrastructure across geographies and business relationships with multi-national pharmaceutical companies

1B. Basis of preparation

a) Basis of preparation

i. Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements were authorised for issue by the Company's Board of Directors on July 22, 2020.

Details of the Company's accounting policies are included in Note 1C.

b) Functional and presentation currency

The financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All the amounts disclosed in the financial statements and notes have been rounded off to the nearest million, unless otherwise indicated.

c) Basis of Measurement

The financial statements are prepared under the historical cost convention except for the following items:

Items	Measurement Basis
Certain Financial assets and liabilities	Fair value
Equity settled share based payment arrangements	Fair value
Net defined benefit (asset) / liability	Fair value of plan assets less present value of defined benefit obligations

d) Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumptions and estimations uncertainties that have a significant risk resulting in a material adjustment in the year ending 31 March 2020 is included in following notes:

Note 1C. c) Useful lives of property, plant, equipment and intangibles;
Note 5 - Impairment of investments in subsidiaries.
Note 9 - Valuation of inventories.
Note 23 - recognition and measurement of provisions and contingencies : key assumptions about the likelihood and magnitude of an outflow of resources;
Note 35 - recognition of deferred tax assets: availability of future taxable profit against which tax credit can be used;
Note 38 - Impairment of financial instruments
Note 39 - measurement of fair value of optionally convertible and redeemable preference shares; key assumptions for earning growth rate and discount rate
Note 39 - measurement of loans to related parties at amortised cost and interest accrued on these loans; key assumptions for discount rate
Note 45 - measurement of defined benefit obligations: key actuarial assumptions;
Note 47 - measurement of discount rate for initial recognition of ROU and Lease Liability as per IND AS 116

e) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Head of Treasury .

The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 39 – financial instruments;
- Note 46 – share-based payment arrangements; and

f) Current versus non current classification
All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:
- it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is held for the purpose of being traded;
- it is expected to be realized within 12 months after the reporting date; or

Notes to the financial statements

for the year ended March 31, 2020(Continued)

- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current assets / non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:
- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be settled within 12 months after the reporting date; or
- the Company does not have any unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current liabilities include the current portion of non-current liabilities / non-current financial liabilities. All other liabilities are classified as non-current.

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

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalent. The operating cycle of the Company is less than 12 months.

1C. Significant accounting policies

a) Foreign Currency Translation

Transaction in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of transaction. Exchange difference are recognised in statement of profit and loss, except exchange differences arising from the translation of the following item which are recognised directly in other equity:

i. Translation of long term foreign currency monetary items pertaining to period prior to transition to Ind AS and which are not related to purchase of property, plant and equipment and intangible assets (refer note 15).

b) Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at
- amortised cost; or
- Fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:
- The stated policy and objectives for the portfolio and the operation of those policies in practice.

These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial asset to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of asset;
- How the performance of portfolio is evaluated and reported to the Company's management;
- The risk that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defines as the fair value of financial asset on initial recognition. 'Interest' is defined as consideration for time value of money and for credit risk associated with the principal amount outstanding during a particular period of time and other basic leading risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

Notes to the financial statements

for the year ended March 31, 2020(Continued)

- contingent events that would change the amount and timing of cash flows;
- term that would adjust the contractual rate, including variable interest rate features;
- prepayment and extension features; and
- term that limits the Company's claim to cash flows for specified assets (e.g. non- recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amount of principal and interest on principal amount outstanding, which may include reasonable additional compensation for early termination of contract. Additionally, for a financial asset acquired on a significant premium or discount to its contractual par amount, a feature that permits or require prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is significant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortized cost: These assets are subsequently measured at amortized cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

c) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimate costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separated items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit and loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefit associated with the expenditure will flow to the Company.

iii. Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight line method, and is generally recognised in the statement of profit and loss.

Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Depreciation is provided on pro-rata basis using the straight-line method over the estimated useful lives of the assets prescribed under Schedule II to the Companies Act 2013 except in case of:

- Furniture and fixtures at leasehold premises that are depreciated over the lease period.

- Vehicles are depreciated over 5 years, as per technical evaluation.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives represents the period over which the management expects to use these assets.

Depreciation on additions (disposals) during the year is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

d) Intangible assets

i. Initial recognition:

Intangible assets are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment loses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefit associated with the expenditure will flow to Company.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual value over their estimated useful lives using straight line method, as is included in depreciation and amortisation in statement of profit and loss.

The estimated useful lives are as follows:

Intangible Asset	Management estimated useful life
Brands acquired	5 to 10 years
Software, license rights	2 to 10 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

iv. Intangible Assets under Development

Intangible assets under development are initially recognized at cost. Such intangible assets are subsequently capitalized only if it is probable that the future economic benefit associated with the expenditure will flow to the Company.

v. Impairment

The Company irrespective of whether there is any indication of impairment, test an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. The recoverable amount is the higher of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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. An impairment loss is recognised if the carrying amount of the intangible asset not yet available for use exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost on inventories is based on weighted average formula, and includes expenditure incurred in acquiring the inventories, production or conversion cost and other cost incurred in bringing them to their present location and condition. In case of manufactured inventory and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

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

The net realisable value of work-in- progress is determined with reference to the selling price of related finished products.

Raw materials, components and other supplies held for use in production of finished products are not written down below cost except in cases where material price have declined and it is estimated that the cost of finished products will exceed their net realizable value.

The comparison of cost and net realizable value is made on an item-by-item basis.

The Company considers various factors like shelf life, ageing of inventory, product discontinuation, price changes and any other factor which impact the Company's business in determining the allowance for obsolete, non-saleable and slow moving inventories. The Company considers the above factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

f) Impairment

i. Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit - impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on estimated future cash flows of financial assets have occurred.

Evidence that a financial asset is credit impaired includes the following observed data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being overdue for a period of more than 12 months from the credit term offered to the customer;
- the restructuring of loan or advance by the Company on the terms that the Company would not consider otherwise;
- it is probable that borrower will enter bankruptcy or the financial reorganization;
- the disappearance of active market for a security because of financial difficulties.

In accordance with Ind-AS 109, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets the Company recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date, the credit risk has not increased significantly since its original recognition. However, if credit risk has increased significantly, lifetime ECL is used.

ECL impairment loss allowance (or reversal) is recognized in the statement of profit and loss.

When determining whether the credit risk of financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost of effort. This includes both quantitate and qualitative information and analysis based on Company's historical experience and informed credit assessment and including forward - looking information.

The Company considers financial asset to be in default when:

a. The borrower is unlikely to pay its credit obligation to the Company in full, without recourse by the Company to action such as realising security (if any is held); or
b. The financial asset is 360 days or more past due.

Measurement of expected credit loss

Expected credit loss are probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flow that the Company expects to receive).

Presentation of allowance of expected credit losses in the balance sheet

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write – off

The Gross carrying amount of financial asset is written off (either partially of full) to the extent that there is no realistic prospect of recovery. This is generally the case when Company determines that the debtor does not have asset or source of income that could generate sufficient cash flows to repay the amount subject to write-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with Company's procedures for recovery of amounts due.

ii. Impairment of non-financial asset

The Company's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less cost of disposal. Value in use is based on the estimated future cash flows, 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 CGU (or the asset).

The Company's corporate assets (e.g. central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss on goodwill is not subsequently reversed.

g) Employee benefits

i. Short term employee benefits

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

ii. Share-based payment transactions

Share-based payment are provided to employees of the Group via the Company's Employees Stock Option Plan ("Emcure ESOS 2013")

The company accounts for the share-based payment transactions as equity settled.

The grant date fair value of equity settled share-based payment awards granted to employees of the Company is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

The Company also grants the options to the employees of it's subsidiaries for which subsidiary does not have an obligation to settle the share based payment transaction. Total expense for such options issued to employees of subsidiary is recognised as investment in the nature of employee stock options issued to employees of subsidiary and corresponding increase in share options outstanding account.

iii. Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

iv. Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation result is a potential asset for the Company, the recognised asset is limited to the present value of economic benefit available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit and loss.

When the benefits of the plan are changed or when plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gain and losses on the settlement of a defined benefit plan when the settlement occurs.

v. Other long term employee benefit

The Company's liability in respect of other long-term employee benefits (compensated absences) is the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the Projected Unit Credit method. Remeasurement gains or losses are recognised in profit or loss in the period in which they arise.

h) Provisions (other than for employee benefits), Contingent liabilities and contingent assets

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax-rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

i. Sales returns and breakage expiry

When a customer has a right to return the product within a given period, the Company has recognised a provision for returns. The provision is measured equal to the value of the sales expected to return in the future period. Revenue is adjusted for the expected value of the returns and cost of sales are adjusted for the value of the corresponding goods to be returned.

Notes to the financial statements

for the year ended March 31, 2020(Continued)

The Company has an obligation to replace the goods which will expire. The Company has recognised a provision for the returns due to expiry. The provision is measured on the basis of historical trend of expiry against the sales occurred in the current and earlier period. Management considers the sales value for the periods which are equivalent to average general shelf life of products. Revenue is adjusted for the expected value of the returns.

ii. Contingencies

Provision in respect of loss contingencies relating to claims, litigations, assessments, fines, penalties, etc. are recognized when it is probable that a liability has been incurred, and the amount can be estimated reliably.

iii. Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefit will arise, the asset and related income are recognized in the period in which the change occurs. A contingent asset is disclosed, where an inflow of economic benefits is probable.

i) Revenue from sale of goods

Revenue is measured based on the consideration specified in a contract with a customer. Consideration is allocated to each performance obligation specified in the contract. The Company recognises revenue pertaining to each performance obligation when it transfers control over a product to a customer, which is adjusted for expected refunds, which are estimated based on the historical data, adjusted as necessary. The transaction price is also adjusted for the effect of time value of money if the contract includes significant financing component.

The consideration can be fixed or variable. Where the consideration promised in a contract includes a variable amount, the Company estimates the amount of consideration to which the Company will be entitled in exchange for transferring the promised goods or services to a customer. Variable consideration is only recognised when it is highly probable that a significant reversal will not occur.

The Company recognises refund liability where the Company receives consideration from a customer and expects to refund some or all of that consideration to the customer. The refund liability is measured at the amount of consideration received (or receivable) for which the entity does not expect to be entitled (i.e. amounts not included in the transaction price).

Rendering of services - sale of technology / know-how, rights, licenses and other intangibles

Income from sale of technology / know-how, rights, licenses and other intangibles is recognised in accordance with the terms of the contract with customers when the related performance obligation is completed, or when risks and rewards of ownership are transferred, as applicable.

Profit share revenues

From time to time the Company enters into marketing arrangements with business partners for the sale of its products in certain markets. Under such arrangements, the Company sells its products to the business partners at a price agreed upon in the arrangement and is also entitled to a profit share which is over and above the agreed price. The profit share is dependent on the business partner's ultimate net sale proceeds or net profit, subject to any reductions or adjustments that are required by the terms of the arrangement. Such arrangements typically require the business partner to provide confirmation of units sold and net sales or net profit computations for the products covered under the arrangement.

Revenue amount equal to the base purchase price is recognized in these transactions upon delivery of products to the business partners. An additional amount representing the profit share component is recognized as revenue only to the extent that it is highly probable that a significant reversal will not occur.

At the end of each reporting period, the Company updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Profit share revenue is measured as per the percentage of profit share and computation method, specified in the agreement with business partner.

Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation.

j) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognised in profit or loss as other operating revenue on a systematic basis.

Grants that compensate the Company for expenses incurred are recognised in profit or loss as other operating revenue on a systematic basis in the periods in which such expenses are recognised.

k) Leases

i. The Company as a lessee

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease,if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or

Notes to the financial statements

for the year ended March 31, 2020(Continued)

lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

ii. The Company as a lessor

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

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.
For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

In the comparative period, the lease transaction was recognised as per the following accounting policy (As per Ind AS 17 - 'Leases'):

i. Assets held under leases
Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Company's Balance Sheet.

ii. Lease Payments
Payments made under operating leases are generally recognised in statement of profit and loss on straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on remaining balance of the liability.

l) Recognition of dividend income, interest income or expenses
Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

Interest income is recognised using effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of financial instrument to:
- The gross carrying amount of the financial assets; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

m) Income tax
Income tax expense comprises of current and deferred tax. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

i. Current tax
Current tax comprises the expected tax payable or receivable on the taxable income or loss of the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

n) Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

o) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprises cash at bank 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.

p) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of the Company are identified as Chief operating decision maker. Refer note 50 for segment information.

q) Earnings per share

The basic earnings per share is computed by dividing the net profit / (loss) after tax attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period.

Diluted earnings per share is computed by dividing the net profit / (loss) after tax attributable to the equity shareholders for the period by the weighted average number of equity and equivalent dilutive equity shares outstanding during the reporting period, except where the results would be anti-dilutive.

r) Exceptional item

In certain instances, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company is such that its disclosure improves the understanding of the performance of the Company, such income or expenses is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financials statements.

s) Cash flow statement

Cash flow are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. For the purpose of cash flow statement bank overdraft that are repayable on demand are considered as cash and cash equivalent as it form an integral part of the company's cash management.

t) Research and development

Revenue expenditure on research and development activities is recognized as expense in the period in which it is incurred.

Note 1D. Recent accounting pronouncements

Ministry of Corporate Affairs("MCA")notifies amendments to the existing Ind-AS or new Ind AS. There is no such amendment to the existing Ind AS or new Ind AS which are notified and applicable from April 1, 2020.

Notes to the financial statements

for the year ended March 31, 2020(Continued)

Rs. in million

Note 2 - Property, plant and equipment	Gross book value					Accumulated depreciation					Net book value
	As at April 1, 2019	Additions during the year*	Disposals during the year	Reclassified on adoption of IND AS 116	As at March 31, 2020	As at April 1, 2020	Charge for the year	Disposals during the year	Reclassified on adoption of IND AS 116	As at March 31, 2020	As at March 31, 2020
Freehold land	14.42	-	-	-	14.42	-	-	-	-	-	14.42
Leasehold land	802.25	-	-	802.25	-	32.31	-	-	32.31	-	-
Leasehold improvements	227.35	2.71	1.00	-	229.06	81.38	34.66	1.00	-	115.04	114.02
Building	3,063.83	124.99	-	-	3,188.82	290.52	117.13	-	-	407.65	2,781.17
Plant and machinery	7,762.39	1,171.09	17.29	-	8,916.19	2,545.46	805.68	9.20	-	3,341.94	5,574.25
Electrical installation	604.06	35.16	0.02	-	639.20	266.29	60.77	0.02	-	327.04	312.16
Air handling equipment	788.39	89.22	0.23	-	877.38	270.82	73.06	0.12	-	343.76	533.62
Computers	344.16	49.47	0.47	-	393.16	191.47	68.07	0.44	-	259.10	134.06
Office Equipments	106.10	4.56	-	-	110.66	59.40	15.87	-	-	75.27	35.39
Furniture and fixtures	236.19	24.10	-	-	260.29	74.77	25.10	-	-	99.87	160.42
Vehicles	146.29	7.52	9.36	-	144.45	88.10	22.41	8.09	-	102.42	42.03
Total	**14,095.43**	**1,508.82**	**28.37**	**802.25**	**14,773.63**	**3,900.52**	**1,222.75**	**18.87**	**32.31**	**5,072.09**	**9,701.54**

Rs. in million

Note 2 - Property, plant and equipment (continued)	Gross book value				Accumulated depreciation				Net book value
	As at April 1, 2018	Additions during the year*	Disposals during the year	As at March 31, 2019	As at April 1, 2018	Charge for the year	Disposals during the year	As at March 31, 2019	As at March 31, 2019
Freehold land	14.42		-	14.42	-	-	-	-	14.42
Leasehold land	797.46	4.79	-	802.25	23.42	8.89	-	32.31	769.94
Leasehold improvements	196.55	30.80	-	227.35	46.64	34.74	-	81.38	145.97
Building	1,823.50	1,240.33	-	3,063.83	213.40	77.12	-	290.52	2,773.31
Plant and machinery	6,321.28	1,467.20	26.09	7,762.39	1,833.94	721.57	10.05	2,545.46	5,216.93
Electrical installation	440.33	163.93	0.20	604.06	213.49	52.89	0.09	266.29	337.77
Air handling equipment	655.36	137.44	4.41	788.39	200.96	72.57	2.71	270.82	517.58
Computers	249.29	95.89	1.02	344.16	128.93	63.41	0.87	191.47	152.69
Office Equipments	81.24	24.89	0.03	106.10	44.55	14.86	0.01	59.40	46.70
Furniture and fixtures	160.91	75.28	-	236.19	55.34	19.43	-	74.77	161.42
Vehicles	137.70	14.00	5.41	146.29	66.38	25.21	3.49	88.10	58.19
Total	**10,878.04**	**3,254.55**	**37.16**	**14,095.43**	**2,827.05**	**1,090.69**	**17.22**	**3,900.52**	**10,194.92**

* Additions during the year includes exchange gain / loss capitalised during the year.

Note: The effect of changes in foreign exchange rates on foreign currency loans relating to acquisition of depreciable capital assets, amounting to Rs. 3.01 million (March 31, 2019 gain of Rs. 51.75 million) relating to eligible assets for the year ended March 31, 2020, have been added to the cost of such assets.

Refer note 48 for information on property, plant and equipment pledged as security by the company.

Notes to the financial statements

for the year ended March 31, 2020(Continued)

Rs. in million

Note 3 - Capital work-in-progress	As at April 1, 2019	Additions during the year	Capitalised during the year	Disposals during the year	As at March 31, 2020
Capital work-in-progress	4,059.55	630.42	1,335.69	93.69	3,260.59
Total	**4,059.55**	**630.42**	**1,335.69**	**93.69**	**3,260.59**

Rs. in million

Note 3 - Capital work-in-progress	As at April 1, 2018	Additions during the year	Capitalised during the year	As at March 31, 2019
Capital work-in-progress	4,690.94	2,105.90	2,737.29	4,059.55
Total	**4,690.94**	**2,105.90**	**2,737.29**	**4,059.55**

Notes:

1. The capital work in progress at the year end mainly consists of plant and machinery, building and other assets pertaining to various projects / plants, expansion of existing facilities, etc.
2. The effect of changes in foreign exchange rates on foreign currency loans relating to acquisition of depreciable capital assets, amounting to Rs. Nil (March 31, 2019 gain of Rs. 11.08 million) relating to eligible assets for the year ended March 31, 2020, have been added to the cost of such assets.
3. The borrowing cost capitalised on qualifying assets amounting to Rs. 18.23 million (March 31, 2019 Rs. 25.32 million) have been added to the cost of assets which are lying in capital work in progress as at year end (refer note 32).
4. The capitalisation rate used to determine the amount of borrowing costs to be capitalised in the case of specific borrowings term loan is in the range of 10.25% to 10.88% (March 31, 2019 - 5.66% to 10.15%) and general borrowings @ 8.30% (March 31, 2019 - 7.91%).

Refer note 48 for information on capital work-in-progress pledged as security by the company.

Rs. in million

Note 4 - Intangible assets	Gross book value					Accumulated depreciation					Net book value
	As at April 1, 2019	Additions during the year	Disposals during the year	Other Adjust-ments	As at March 31, 2020	As at April 1, 2019	Charge for the year	Disposals during the year	Other Adjust-ments	As at March 31, 2020	As at March 31, 2020
Brands	1,125.60	-	98.22	-	1,027.38	474.22	133.33	68.78	-	538.77	488.61
Software	395.58	46.30	-	-	441.88	244.10	84.40	-	-	328.50	113.38
Licensing rights	13.44	105.48	-	-	118.92	11.98	6.33	-	-	18.31	100.61
Total	**1,534.62**	**151.78**	**98.22**	**-**	**1,588.18**	**730.30**	**224.06**	**68.78**	**-**	**885.58**	**702.60**

Rs. in million

Note 4 - Intangible assets	Gross book value					Accumulated depreciation					Net book value
	As at April 1, 2018	Additions during the year	Disposals during the year	Acquired through business	As at March 31, 2019	As at April 1, 2018	Charge for the year	Disposals during the year	Other Adjust-ments	As at March 31, 2019	As at March 31, 2019
Brands	1,107.55	18.05	-	-	1,125.60	339.49	134.73	-	-	474.22	651.38
Software	268.82	126.76	-	-	395.58	174.95	69.15	-	-	244.10	151.48
Licensing rights	13.44	-	-	-	13.44	8.15	3.83	-	-	11.98	1.46
Total	**1,389.81**	**144.81**	**-**	**-**	**1,534.62**	**522.59**	**207.71**	**-**	**-**	**730.30**	**804.32**

Note:

Note: The effect of changes in foreign exchange rates on foreign currency loans relating to acquisition of depreciable capital assets, amounting to Rs. Nil (March 31, 2019 Rs. 8.05 million) relating to eligible assets for the year ended March 31, 2020, have been added to the cost of such assets.

Refer note 48 for information on capital work-in-progress pledged as security by the company.

Notes to the financial statements

for the year ended March 31, 2020(Continued)

Rs. in million

Note 5 - Non-current investments	March 31, 2020	April 1, 2020
Investment in equity instruments:		
Unquoted (Valued at cost unless otherwise stated)		
Investments in subsidiaries		
Investments in Zuventus Healthcare Limited		
15,960,000 (March 31, 2019 : 15,960,000) fully paid equity shares of Rs. 10 each	71.82	71.82
Equity contribution in the nature of employee stock options issued to employees of subsidiary	4.28	4.28
	76.10	76.10
Investments in Gennova Biopharmaceuticals Limited		
4,847,500 (March 31, 2019 : 4,847,500) fully paid equity shares of Rs. 10 each	48.48	48.48
Equity contribution in the nature of employee stock options issued to employees of subsidiary	7.86	5.51
	56.34	53.99
Investments in Emcure Nigeria Limited		
5,836,841 (March 31, 2019: 5,836,841), fully paid equity shares of Naira 1 each	1.90	1.90
	1.90	1.90
Investments in Emcure Pharmaceuticals Mena FZ-LLC		
100 (March 31, 2019: 100), fully paid equity shares of AED 1000 each,	1.33	1.33
Equity contribution in the nature of employee stock options issued to employees of subsidiary	34.12	34.12
	35.45	35.45
Investments in Emcure Pharmaceuticals South Africa (Pty) Ltd		
100 (March 31, 2019: 100), fully paid equity shares of ZAR 1 each	#	#
	#	#
*Investments in Heritage Pharma Holdings Inc.**		
2,135 (March 31, 2019: 2,085), fully paid equity shares of USD 1 each,	1,790.79	1,415.37
Equity contribution in the nature of employee stock options issued to employees of subsidiary	25.26	-
	1,816.05	1,415.37
Investments in Emcure Pharma UK Ltd.		
11,765,000 (March 31, 2019: 5,000,000), fully paid equity shares of GBP 1 each,	1,087.36	488.99
Equity contribution in the nature of employee stock options issued to employees of subsidiary	3.67	3.67
	1,091.03	492.66
Investments in Emcure Brasil Farmaceutica LTDA		
4,642,498 (March 31, 2019: 4,642,498), fully paid equity shares of Real 1 each,	122.55	122.55
Equity contribution in the nature of employee stock options issued to employees of subsidiary	1.18	1.18
	123.73	123.73
Investments in Emcure Pharma Mexico S.A. De C.V.		
49,999 (March 31, 2019: 49,999), fully paid equity shares of Peso 1 each,	0.21	0.21
	0.21	0.21
Investments in Emcure Pharma Peru S.A.C		
990 (March 31, 2019: 990), fully paid equity shares of Sol 1 each,	0.02	0.02
	0.02	0.02
*Investments in Marcan Pharmaceuticals Inc.**		
12,880,001 (March 31, 2019: 12,880,001), fully paid equity shares of CAD 1 each	650.91	650.91
Equity contribution in the nature of employee stock options issued to employees of subsidiary	16.58	15.65
	667.49	666.56
Investments in Emcure Pharmaceuticals Pty Ltd		
1,000,000 (March 31, 2019: 100,000), fully paid equity shares of AUD 1 each,	48.72	48.72
	48.72	48.72

Notes to the financial statements

for the year ended March 31, 2020(Continued)

Note 5 - Non-current investments	March 31, 2020	April 1, 2020
Investment in step down subsidiaries		
Investments in Heritage Pharma Labs Inc.		
Equity contribution in the nature of employee stock options issued to employees of subsidiary	22.71	21.27
	22.71	21.27
Investments in Heritage Pharmaceuticals Inc.		
Equity contribution in the nature of employee stock options issued to employees of subsidiary	132.38	49.46
	132.38	49.46
Investments in Tillomed Laboratories Limited.		
Equity contribution in the nature of employee stock options issued to employees of subsidiary	4.96	1.18
	4.96	1.18
Investment in preference share		
Unquoted - Valued at fair value through profit and loss		
Investments in Gennova Biopharmaceuticals Limited		
Nil (March 31, 2019: 10,000,000) fully paid, optionally convertible redeemable preference shares of Rs. 10 each (refer note 49)	-	119.09
	-	**119.09**
	4,077.09	**3,105.71**
Investment in government securities		
Unquoted		
National Savings Certificates	-	#
Aggregate amount of unquoted Investments	**4,077.09**	**3,105.71**

The amounts are below the rounding off norm adopted by the Company.

* Pledged to the banks for loan facilities availed by respective companies

Rs. in million

Note 6 - Loans	**March 31, 2020**	**March 31, 2019**
Unsecured considered good, unless otherwise specified:		
Loans to related parties (refer note 43)	626.13	560.58
Security deposits	106.38	101.97
Total	**732.51**	**662.55**

Break-up of security details	**March 31, 2020**	**March 31, 2019**
Loans considered good - Secured	-	-
Loans considered good - Unsecured	732.51	662.55
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	**732.51**	**662.55**
Less: Loss allowance	-	-
Total	**732.51**	**662.55**

Rs. in million

Note 7 - Other non-current financial assets	**March 31, 2020**	**March 31, 2019**
Unsecured considered good, unless otherwise specified:		
Term deposits with banks having remaining maturity period of more than 12 months (refer note below)	17.92	4.19
Interest accrued on loans to related parties (refer note 43)	235.65	205.40
Total	**253.57**	**209.59**

Note: Held as lien by bank against guarantees.

Notes to the financial statements
for the year ended March 31, 2020(Continued)

Rs. in million

Note 8 - Other non-current assets	March 31, 2020	March 31, 2019
Unsecured considered good, unless otherwise specified:		
Capital Advances	245.52	244.56
Prepaid expenses	2.21	0.46
Balances with government authorities	70.43	111.02
Total	**318.16**	**356.04**

Note 9 - Inventories	March 31, 2020	March 31, 2019
Raw materials [Includes in transit Rs. 72.98 million (March 31, 2019 - Rs. 65.92 million)]	2,108.35	1,982.65
Packing materials [Includes in transit Rs. 15.12 million (March 31, 2019 - Rs. 22.21 million)]	374.26	443.04
Work-in-process	449.20	882.29
Finished goods [Includes in transit Rs. 8.87 million (March 31, 2019 - Rs. 5.04 million)]	800.42	723.84
Stock in trade [Includes in transit Rs. 1.59 million (March 31, 2019 - Rs. Nil)]	487.45	727.97
Stores and spares	216.94	196.73
Total	**4,436.62**	**4,956.52**

Notes:

1. Amounts recognised in profit or loss

Write-downs of inventories during the year amounted to Rs. 468.63 million (March 31, 2019 - Rs. 359.16 million). These were recognised as an expense during the year and included in cost of materials consumed or changes in inventories of finished goods, work-in-progress and traded goods in statement of profit and loss.

2. Inventories are hypothecated as security against the long term and short term borrowings outstanding as at year end and previous period, refer note 48.

Rs. in million

Note 10 - Trade receivables	March 31, 2020	March 31, 2019
Unsecured, considered good	11,382.93	9,101.12
Doubtful	273.71	170.12
Less: Allowance for doubtful debts	(273.71)	(170.12)
Total	**11,382.93**	**9,101.12**

Of the above, trade receivables from related parties are as below **Rs. in million**

Particulars	March 31, 2020	March 31, 2019
Total trade receivables from related parties (refer note 43)	7,555.28	5,924.95
Less: Allowance for doubtful debts	(118.14)	(69.70)
Net trade receivables	**7,437.14**	**5,855.25**

Rs. in million

Break-up of security details	March 31, 2020	March 31, 2019
Trade receivables considered good - Secured	-	-
Trade receivables considered good - Unsecured	11,382.93	9,101.12
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	273.71	170.12
Total	**11,656.64**	**9,271.24**
Less: Loss allowance	(273.71)	(170.12)
Total	**11,382.93**	**9,101.12**

For terms and conditions of trade receivables owing from related parties, refer note 43.
For receivables secured against borrowings, refer note 48.
The Company's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note 38.

Notes to the financial statements
for the year ended March 31, 2020(Continued)

Rs. in million

Note 11A - Cash and cash equivalents	March 31, 2020	March 31, 2019
Cash on hand	0.39	0.62
Balances with bank in current accounts	261.23	187.28
Demand deposits (with original maturity of less than 3 months)	34.60	5.55
Total	**296.22**	**193.45**

Rs. in million

Note 11B - Bank balances other than cash and cash equivalents	March 31, 2020	March 31, 2019
Term deposits with banks having initial maturity of more than 3 months but remaining maturity of less than 12 months (refer note below)	95.93	91.56
Total	**95.93**	**91.56**

Note : Held as lien by bank for issuing bank guarantees.

Rs. in million

Note 12 - Other current financial assets	March 31, 2020	March 31, 2019
Unsecured considered good, unless otherwise specified:		
Interest accrued on deposits with bank	1.20	0.54
Interest accrued on deposits with others	1.32	1.12
Financial guarantee fees receivable from subsidiaries (refer note 43)	146.31	61.78
Other amount due from subsidiaries (refer note 43)	372.58	235.29
Other receivable	66.53	17.14
Total	**587.94**	**315.87**

Rs. in million

Note 13 - Other current assets	March 31, 2020	March 31, 2019
Unsecured considered good, unless otherwise specified:		
Advances for supply of goods and services	235.57	197.52
Balances with government authorities	966.19	1,098.45
Advance to employees	16.73	11.10
Prepaid expenses	57.53	84.64
Total	**1,276.02**	**1,391.71**

Rs. in million

Note 14 - Equity share capital	March 31, 2020		March 31, 2019	
	Number of shares	Value	Number of shares	Value
a. Authorised share capital				
Equity Shares of Rs. 10 each	20,00,00,000	2,000.00	20,00,00,000	2,000.00
b. Issued, subscribed and paid up capital*				
Equity Shares of Rs. 10 each	18,08,52,116	1,808.52	18,08,52,116	1,808.52

* All issued shares are fully paid up.

c. Reconciliation of the number of the shares outstanding at the beginning and at the end of the year

Rs. in million

Particulars	March 31, 2020		March 31, 2019	
	Number of shares	Value	Number of shares	Value
Equity Shares outstanding at the beginning and at the end of the year	18,08,52,116	1,808.52	18,08,52,116	1,808.52

The Company has also issued share options to its employees and employees of the subsidiaries, refer note 45.

d. Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Notes to the financial statements
for the year ended March 31, 2020(Continued)

e. Employee stock options

Terms attached to stock options granted to employees of the Company and subsidiaries are described in note 45 regarding share-based payments.

f. Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

Rs. in million

Particulars	Number of shares issued				
	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Equity shares allotted as fully paid up bonus shares in the ratio of 3:1 by utilisation of securities premium	-	-	-	-	13,56,39,087

g. Details of equity shareholders holding shares more than 5%

Rs. in million

Particulars	March 31, 2020		March 31, 2019	
	No. of Shares held	% of Shareholding	No. of Shares held	% of Shareholding
Satish Mehta	7,57,49,248	41.88%	7,57,24,248	41.87%
BC Investments IV Limited	2,36,73,544	13.09%	2,36,73,544	13.09%
Sanjay Mehta	1,57,64,028	8.72%	1,57,64,028	8.72%
Samit Mehta	1,35,47,632	7.49%	1,35,47,632	7.49%
Sunil Mehta	1,10,85,012	6.13%	1,10,85,012	6.13%
Bhavana Mehta	93,88,288	5.19%	93,88,288	5.19%
Total	**14,92,07,752**	**82.50%**	**14,91,82,752**	**82.49%**

h. Shares reserved for issue under options:

Rs. in million

Particulars	March 31, 2020		March 31, 2019	
	Number of shares	Value	Number of shares	Value
a. Under ESOS, 2013; 2.84 million equity share with face value of Rs. 10 each, at an exercise price of Rs. 221.25 per share (refer note 45)	12,10,000	12.10	14,00,000	14.00
b. Under ESOS, 2013; 0.58 million equity share with face value of Rs. 10 each, at an exercise price of Rs. 508.75 per share (refer note 45)	60,000	0.60	1,20,000	1.20
c. Under ESOS, 2013; 0.1 million equity share with face value of Rs. 10 each, at an exercise price of Rs. 300 per share (refer note 45)	-	-	1,00,000	1.00
d. Under ESOS, 2013; 0.84 million equity share with face value of Rs. 10 each, at an exercise price of Rs. 522 per share (refer note 45)	8,40,000	8.40	8,40,000	8.40
e. Under ESOS, 2013; 0.24 million equity share with face value of Rs. 10 each, at an exercise price of Rs. 522 per share (refer note 45)	2,40,000	2.40	2,40,000	2.40
f. Under ESOS, 2013; 0.23 million equity share with face value of Rs. 10 each, at an exercise price of Rs. 522 per share (refer note 45)	1,40,000	1.40	2,30,000	2.30
g. Under ESOS, 2013; 0.625 million equity share with face value of Rs. 10 each, at an exercise price of Rs. 522 per share (refer note 45)	6,25,000	6.25	-	-
h. Under ESOS, 2013; 0.455 million equity share with face value of Rs. 10 each, at an exercise price of Rs. 580 per share (refer note 45)	4,55,000	4.55	-	-
i. Under ESOS, 2013; 0.07 million equity share with face value of Rs. 10 each, at an exercise price of Rs. 580 per share (refer note 45)	70,000	0.70	-	-
Total	**36,40,000**	**36.40**	**29,30,000**	**29.30**

Rs. in million

Note 15 - Other Equity	Note	March 31, 2020	March 31, 2019
Capital reserve	(i)	12.92	12.92
Securities premium	(ii)	840.37	840.37
Share options outstanding account	(iii)	269.10	153.02
General reserve	(iv)	1,414.18	1,395.90
Foreign currency monetary item translation reserve	(v)	54.32	67.22
Retained earnings	(vi)	14,746.09	13,497.12
Total		**17,336.98**	**15,966.55**

Rs. in million

Note to other equity	March 31, 2020	March 31, 2019
i. Capital reserve		
Balance as at the beginning and end of the year	12.92	12.92
ii. Securities premium		
Balance as at the beginning and end of the year	840.37	840.37
iii. Share options outstanding account		
Balance as at the beginning of the year	153.02	163.04
Equity contribution in the nature of employee stock options issued to employees of subsidiary	106.88	39.10
Employee share - based expense recognised in statement of profit and loss	27.48	13.77
Options forfeited, transferred to general reserve	(18.28)	(62.89)
Balance as at the end of the year	269.10	153.02
iv. General reserve		
Balance as at the beginning of the year	1,395.90	1,354.98
Options forfeited, transferred from share options outstanding account	18.28	62.89
Income tax on above items	-	(21.97)
Balance as at end of the year	1,414.18	1,395.90
v. Foreign currency monetary item translation reserve		
Balance as at the beginning of the year	67.22	28.53
Gains on foreign exchange fluctuation on long term monetary items during the year (net)	-	55.75
Reclassified to statement of profit and loss during the year	(19.83)	(19.83)
Income tax on above items	6.93	2.77
Balance as at the end of the year	54.32	67.22
vi. Retained earnings		
Balance as at the beginning of the year	13,497.12	9,897.33
Revenue recognised in retained earnings due to transition to Ind AS 115 (refer note 46)	-	2,656.97
Income tax on above item (refer note 46)	-	(928.45)
Profit for the year	1,752.05	2,836.54
Items of other comprehensive income recognised directly in retained earnings	(20.34)	1.09
Dividend (including dividend distribution tax) (refer note below)	(482.74)	(966.36)
Balance as at the end of the year	14,746.09	13,497.12
Total	**17,336.98**	**15,966.55**

The following dividends were declared and paid by the Company during the year:

Rs. in million

Particulars	March 31, 2020	March 31, 2019
Interim dividend on equity Shares	(271.28)	(452.13)
Dividend distribution tax on above	(22.96)	(92.94)
Final dividend on equity shares*	(180.85)	(361.70)
Dividend distribution tax on above	(7.65)	(59.59)
Total	**(482.74)**	**(966.36)**

* Final dividend paid during the year ended March 31, 2020 is related to dividend proposed during the year ended March 31, 2019.

After the reporting dates the following dividend (excluding dividend distribution tax) were proposed by the directors subject to approval at the annual general meeting; the dividends have not been recognised as liabilities.

Rs. in million

Particulars	March 31, 2020	March 31, 2019
Rs. Nil per equity share (March 31, 2019 : Rs. 1 per equity share.)	-	180.85

Notes to the financial statements

for the year ended March 31, 2020(Continued)

Capital reserve

Capital reserve was created on account of amalgamation of companies prior to 2001.

Securities premium

Securities premium is used to record the premium on issue of shares. The same is utilised in accordance with the provisions of the Act.

Share options outstanding account

The Company has established equity-settled share-based payment plans for certain categories of employees of the group. Refer note 46 for further details of these plans.

General Reserve

The General Reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

Foreign currency monetary item translation reserve ('FCMITR')

FCMITR is created on transfer of exchange differences related to long term monetary items which were not related to purchase of property, plant and equipment and intangible assets. This reserve is amortised over the remaining life of the long term monetary item and is transferred to the statement of profit and loss.

Rs. in million

Note 16 - Non-current borrowings	March 31, 2020	March 31, 2019
Secured		
Term loans:		
Indian currency loans from banks	3,754.22	4,029.05
Indian currency loans from others	1,304.28	1,610.06
Foreign currency loans from banks	1,285.55	1,192.88
Vehicle loans	42.91	48.34
	6,386.96	**6,880.33**
Less: Current maturities of term loans (refer note 22)	(1,743.59)	(2,366.13)
Less: Current maturities of vehicle loans (refer note 22)	(15.56)	(16.34)
Less: Transaction cost attributable to the borrowings	(89.08)	(74.01)
Total	**4,538.73**	**4,423.85**

Notes to the financial statements

for the year ended March 31, 2020(Continued)

a) Statement of principal terms of secured term loans outstanding as on March 31, 2020

Nature of facility	Repayment terms	Rate of interest % (Per Annum)	Currency	Amount outstanding (Rs. in million)	Security
Term Loan	48 monthly installments from March 2017.	1 Y MCLR + 2.30%	INR	57.81	As per Note No. 1
Term Loan	48 monthly installments from August 2016.	1 Y MCLR + 2.30%	INR	59.85	As per Note No. 1
Term Loan	48 monthly installments from February 2020.	1 Y MCLR + 2.75%	INR	310.49	As per Note No. 1
Term Loan	48 monthly installments from July 2017.	1 Y MCLR + 2.30%	INR	313.20	As per Note No. 1
Term Loan	48 monthly installments from March 2019.	1 year Libor+ 3.05%	USD	642.44	As per Note No. 1
Term Loan	48 monthly installments from March 2019.	1 Y MCLR + 2.00%	INR	156.83	As per Note No. 1
Term Loan	48 monthly installments from September 2016.	1 year MCLR+1.60%	INR	63.74	As per Note No. 1
Term Loan	17 quarterly installments from October 2016	1 year MCLR+1.60%	INR	151.27	As per Note No. 1
Term Loan	24 quarterly installments from December 2021	1 year MCLR+1.85%	INR	294.51	As per Note No. 2
Term Loan	48 monthly installments from February 2018	1 year MCLR+1.60%	INR	241.63	As per Note No. 1
Term Loan	48 monthly installments from February 2018	1 year MCLR+1.60%	INR	241.63	As per Note No. 1
Term Loan	48 monthly installments from June 2018	1 year MCLR+1.00%	INR	8.16	As per Note No. 1
Term Loan	12 half yearly installments starting from Sept 2020	6M Libor+3.50%	USD	453.96	As per Note No. 1
Term Loan	16 equal quarterly installments from July 2016	1 year MCLR+1.80%	INR	17.90	As per Note No. 1
Term Loan	16 equal quarterly installments from May 2018	6M Libor+ 3.50%	USD	189.15	As per Note No. 1
Term Loan	16 equal quarterly installments from April 2018	LTMR+100 bps	INR	637.50	As per Note No. 1
Term Loan	16 equal quarterly installments from April 2019	LTMR+100 bps	INR	649.70	As per Note No. 1
Term Loan	28 quarterly bolloning installment from April 2019	LTRR-7.00%	INR	755.71	As per Note No. 2
Term Loan	15 equal quarterly installments from July 2018	LTRR-6.90%	INR	320.00	As per Note No. 2
Term Loan	14 equal quarterly installments from October 2018	LTRR-6.90%	INR	228.57	As per Note No. 2
Term Loan	60 monthly bolloning installment from August 2019	LTRR-8.25%	INR	360.00	As per Note No. 3
Term Loan	60 monthly bolloning installment from December 2019	LTRR-8.25%	INR	190.00	As per Note No. 1
Vehicle Loan	Monthly installments starting from Aug 2014 and ending on Feb 2024	8.50% to 10.50%	INR	42.91	As per Note No. 4
	Total			**6,386.96**	

Note 1

1. First pari passu (registered mortgage) charge over the immovable fixed assets situated at
   a) Plot No. P-2, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057
   b) Plot No. D-24, MIDC, Kurkumbh Industrial Area, Daund, Pune – 413 802
   c) Plot No. D-24/1, MIDC, Kurkumbh Industrial Area, Daund, Pune - 413 802;
2. First pari passu (hypothecation) charge over all the movable properties situated at:
   a) Plot No. P-1, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057
   b) Plot No. P-2, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057
   c) Plot No. D-24, MIDC, Kurkumbh Industrial Area, Daund, Pune – 413 802
   d) Plot No. D-24/1, MIDC, Kurkumbh Industrial Area, Daund, Pune - 413 802
3. First pari passu charge on intangible assets (ANDAs and DMFs and acquired brands out of loans proceeds) of the company.
4. Second pari passu (hypothecation) charge on current assets of the Company.

Note 2 Exclusive Charge on Following Properties situated at

a) Exclusive Charge on immovable and movable fixed assets situated at Plot No. SM-14, SM-15 & 16/1 Sanand Industrial Estate, Gujarat

b) Movable fixed assets situated at Arihant School, of Pharmacy & Bio Research Institute, Adalaj, SG Highway, Dist.: Gandhinagar, Gujarat

Note 3 Exclusive Charge on Following Properties

a) Immovable fixed assets situated at Plot No. P-1, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057

Note 4 Secured by vehicles for which loan is availed.

Information about the Company's exposure to interest rate, foreign currency and liquidity risk is included in note 38.

Notes to the financial statements

for the year ended March 31, 2020(Continued)

b) Statement of principal terms of secured term loans outstanding as on March 31, 2019

Nature of facility	Repayment terms	Rate of interest % (Per Annum)	Currency	Amount outstanding (Rs. in million)	Security
Term Loan	48 monthly installments from March 2017.	1 Y MCLR + 1.80%	INR	119.77	As per Note No. 1
Term Loan	48 monthly installments from August 2016.	1 Y MCLR + 1.80%	INR	247.60	As per Note No. 1
Term Loan	48 monthly installments from July 2017.	1 Y MCLR + 1.80%	INR	561.10	As per Note No. 1
Term Loan	48 monthly installments from March 2019.	1 year Libor+ 2.93%	USD	612.32	As per Note No. 1
Term Loan	48 monthly installments from March 2019.	1 Y MCLR + 1.50%	INR	385.39	As per Note No. 1
Term Loan	48 monthly installments from September 2016.	1 year MCLR+1.60%	INR	177.60	As per Note No. 1
Term Loan	17 quarterly installments from October 2016	1 year MCLR+1.60%	INR	350.00	As per Note No. 1
Term Loan	48 monthly installments from February 2018	1 year MCLR+1.60%	INR	354.18	As per Note No. 1
Term Loan	48 monthly installments from February 2018	1 year MCLR+1.60%	INR	354.18	As per Note No. 1
Term Loan	48 monthly installments from June 2018	1 year MCLR+1.00%	INR	53.06	As per Note No. 1
Term Loan	16 equal quarterly installments from March 2016	6M Libor+2.87%	USD	105.56	As per Note No. 1
Term Loan	16 equal quarterly installments from July 2016	1 year MCLR+1.80%	INR	88.67	As per Note No. 1
Term Loan	16 equal quarterly installments from August 2016	6M Libor+ 3.35%	USD	211.11	As per Note No. 1
Term Loan	16 equal quarterly installments from May 2018	6M Libor+ 3.00%	USD	263.89	As per Note No. 1
Term Loan	16 equal quarterly installments from April 2018	LTMR+50 bps	INR	850.00	As per Note No. 1
Term Loan	16 equal quarterly installments from April 2020	LTMR+50 bps	INR	487.50	As per Note No. 1
Term Loan	28 quarterly ballooning installments from April 2019	LTRR-7.00%	INR	787.20	As per Note No. 2
Term Loan	15 equal quarterly installments from July 2018	1 year MCLR+1.25%	INR	480.00	As per Note No. 2
Term Loan	14 equal quarterly installments from October 2018	1 year MCLR+1.25%	INR	342.86	As per Note No. 2
Vehicle Loan	Monthly installments starting from Aug 2014 and ending on Feb 2024	8.50% to 10.50%	INR	48.34	As per Note No. 3
	Total			**6,880.33**	

Note 1

1. First pari passu (registered mortgage) charge over the immovable fixed assets situated at
   a) Plot No. P-2, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057
   b) Plot No. D-24, MIDC, Kurkumbh Industrial Area, Daund, Pune – 413 802
   c) Plot No. D-24/1, MIDC, Kurkumbh Industrial Area, Daund, Pune - 413 802;
2. First pari passu (hypothecation) charge over all the movable properties situated at:
   a) Plot No. P-1, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057
   b) Plot No. P-2, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057
   c) Plot No. D-24, MIDC, Kurkumbh Industrial Area, Daund, Pune – 413 802
   d) Plot No. D-24/1, MIDC, Kurkumbh Industrial Area, Daund, Pune - 413 802
3. First pari passu charge on intangible assets (ANDAs and DMFs and acquired brands out of loans proceeds) of the company.
4. Second pari passu (hypothecation) charge on current assets of the company.

Note 2 **The following security has been created for the facilities.**

Exclusive first charge on :

a) Exclusive Charge on immovable and movable fixed assets situated at Plot No. SM-14, Sanand Industrial Estate, Gujarat

b) Exclusive Charge on immovable and movable fixed assets situated at Plot No. SM-15 & 16/1, Sanand Industrial Estate, Gujarat

c) Exclusive Charge on movable fixed assets situated at Arihant School, of Pharmacy & Bio Research Institute, Adalaj, SG Highway, Dist.: Gandhinagar, Gujarat.

Note 3 **Secured by vehicles for which loan is availed.**

Information about the Company's exposure to interest rate, foreign currency and liquidity risk is included in note 38.

Notes to the financial statements

for the year ended March 31, 2020(Continued)

Rs. in million

Note 17 - Other non-current financial liabilities	**March 31, 2020**	**March 31, 2019**
Trade deposits (refer note below)	89.85	91.88
Financial guarantee obligations (refer note 43)	32.07	52.31
Other deposits (refer note 43)	13.42	16.34
Total	**135.34**	**160.53**

Note: Includes deposit from firm in which directors of the Company are interested - Rs. 10.00 million (March 31, 2019 - Rs. 10.00 million).

Rs. in million

Note 18 - Non-current provisions	**March 31, 2020**	**March 31, 2019**
Provision for employee benefits		
Provision for compensated absences	157.56	138.19
Provision for sales returns and breakage expiry (refer note 23)	146.15	118.17
Total	**303.71**	**256.36**

Rs. in million

Note 19 - Other non-current liabilities	**March 31, 2020**	**March 31, 2019**
Deferred government grant (refer note 41B and note 55)	-	2.63
Total	**-**	**2.63**

Rs. in million

Note 20 - Current borrowings	**March 31, 2020**	**March 31, 2019**
Secured		
Cash credit facilities / bank overdraft repayable on demand from banks	839.70	2,441.41
Working capital loans from banks	4,772.20	3,000.00
Less: Transaction cost attributable to the borrowings	(2.61)	(8.66)
Total	**5,609.29**	**5,432.75**

Notes:

1. Borrowings from banks are secured by hypothecation of inventories, book debts and receivables. (refer note 48)
2. The Cash credit facilities / bank overdraft facilities are repayable on demand and working capital loans are repayable within a year, with a range of interest for foreign currency loans of LIBOR+250 bps and for Rupee loans 8.30% p.a. to 9.70% p.a. (March 31, 2019: foreign currency loans of LIBOR+150 bps to LIBOR+287 bps and for Rupee loans 8.45% p.a. to 10.85% p.a.)

Rs. in million

Note 21 - Trade payables	**March 31, 2020**	**March 31, 2019**
Trade payables to related parties (refer note 43)	353.92	114.54
Other trade payables		
Total outstanding dues of micro and small enterprises (refer note 53)	0.62	5.43
Total outstanding dues of creditors other than micro and small enterprises	4,031.70	3,115.27
Total	**4,386.24**	**3,235.24**

All trade payables are current.
The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 38.

Notes to the financial statements

for the year ended March 31, 2020(Continued)

Rs. in million

Note 22 - Other current financial liabilities	March 31, 2020	March 31, 2019
Current maturities of term loans (refer note 16)	1,743.59	2,366.13
Current maturities of vehicle loans (refer note 16)	15.56	16.34
Interest accrued but not due on borrowings	58.85	20.17
Interest accrued and due on trade deposits (refer note below)	1.67	1.70
Employee benefits payable	907.67	886.74
Creditors for capital assets	149.08	244.22
Financial guarantee obligations (refer note 43)	20.25	20.25
Other payables	14.48	17.48
Total	**2,911.15**	**3,573.03**

Note : Includes Interest accrued and due on deposit from a firm in which directors of the company are interested - Rs. 0.17 million (March 31, 2019 - Rs. 0.17 million).

Rs. in million

Note 23 - Current provisions	March 31, 2020	March 31, 2019
Provision for employee benefits		
Provision for compensated absences	100.76	85.59
Provision for gratuity (refer note 44)	68.94	72.14
Provision for sales returns and breakage expiry	212.85	190.16
Total	**382.55**	**347.89**

i) Information about provisions and significant estimates:

Sales returns and breakage expiry

When a customer has a right to return the product within a given period, the company has recognised a provision for returns. The provision is measured equal to the value of the sales expected to return in the future period. Revenue is adjusted for the expected value of the returns and cost of sales are adjusted for the value of the corresponding goods to be returned.

The Company has a constructive obligation to replace the goods which will expire. The Company has recognised a provision for the returns due to expiry. The provision is measured on the basis of historical trend of expiry against the sales occurred in the current and earlier period. Management considers the sales value for the periods which are equivalent to average general shelf life of products. Revenue is adjusted for the expected value of the returns.

Significant estimates

The company has constructive obligation to accept the returns and expired products after sales to customers. Management estimates the related provision for future expected returns based on historical information as well as recent trends and change in business conditions that might suggest that past information may differ from future claims. The assumptions made in relation to the current period are consistent with those in the prior years. Factors that could impact the estimated return include pattern of return and success of new products launched, Company's marketing initiatives, shelf life of products. Where the expected value of returns and expiry changes by 5% from the management's estimate, the provisions for return and expiry will be higher or lower by Rs. 17.95 million (March 31, 2019 - Rs. 15.42 million).

ii) Movement in provision for sales return and breakage expiry :

Rs. in million

Particulars	March 31, 2020	March 31, 2019
Beginning of the year	308.33	276.24
Provisions made during the year	808.79	837.47
Provisions utilised during the year	(758.12)	(805.38)
At the end of the year	**359.00**	**308.33**

Rs. in million

Note 24 - Other current liabilities	March 31, 2020	March 31, 2019
Statutory dues including provident fund and tax deducted at source	115.61	94.43
Contract liabilities (advances from customers)	28.45	45.78
Deferred government grant (refer note 41B and note 55)	-	2.63
Total	**144.06**	**142.84**

Notes to the financial statements

for the year ended March 31, 2020(Continued)

Rs. in million

Note 25 - Revenue from operations	March 31, 2020	March 31, 2019
Sale of products	23,326.38	24,043.92
Sale of services	30.40	23.41
Other operating revenue		
Income arising from government grant (refer note 55)	5.26	19.23
Export incentives	337.20	358.08
Scrap sales	33.81	53.23
Excise / GST refund received (refer note 54)	24.04	39.16
Total	**23,757.09**	**24,537.03**

Rs. in million

Note 26 - Other income	March 31, 2020	March 31, 2019
Interest income under the effective interest method from:		
Banks and others	8.02	10.24
Intercorporate loans	50.64	48.52
Dividend received from subsidiary	303.24	71.82
Miscellaneous income	324.90	393.54
Gains on foreign exchange fluctuation (net)	669.04	364.39
Income on amortisation of financial guarantee liability (refer note 43)	20.31	20.25
Total	**1,376.15**	**908.76**

Rs. in million

Note 27 - Cost of material consumed	March 31, 2020	March 31, 2019
A: Raw material consumed		
Opening inventory	1,982.65	1,681.38
Add : Purchases (net)	4,965.11	4,940.33
	6,947.76	6,621.71
Less: Closing inventory	2,108.35	1,982.65
Cost of raw materials consumed during the year	4,839.41	4,639.06
B: Packing material consumed		
Opening inventory	443.04	439.82
Add : Purchases (net)	690.30	699.50
	1,133.34	1,139.32
Less: Closing inventory	374.26	443.04
Cost of packing materials consumed during the year	759.08	696.28
Total (A+B)	**5,598.49**	**5,335.34**

Notes to the financial statements
for the year ended March 31, 2020(Continued)

Rs. in million

Note 28 - Changes in inventories of finished goods, work-in-progress and stock in trade	March 31, 2020	March 31, 2019
Opening inventory		
Work-in-process	882.29	656.92
Finished goods	723.84	864.83
Stock in trade	727.97	959.48
	2,334.10	2,481.23
Less: Closing inventory		
Work-in-process	449.20	882.29
Finished goods	800.42	723.84
Stock in trade	487.45	727.97
	1,737.07	2,334.10
Changes in inventories of finished goods, work-in-progress and stock in trade	**597.03**	**147.13**

Rs. in million

Note 29 - Employee benefit expenses	March 31, 2020	March 31, 2019
Salaries, wages and bonus	4,861.80	4,598.32
Contribution to provident and other funds (refer note 44)	267.53	235.50
Gratuity (refer note 44)	79.54	75.79
Employee share-based payment (refer note 45)	27.48	13.77
Staff welfare expenses	217.15	237.99
Total	**5,453.50**	**5,161.37**

Rs. in million

Note 30 - Other expenses	March 31, 2020	March 31, 2019
Processing charges	186.90	211.52
Factory consumables	810.59	1,090.18
Power and fuel	672.89	614.42
Insurance	62.62	41.07
Repairs and maintenance	276.77	321.21
Rent	3.32	128.25
Rates and taxes	85.14	43.52
Freight	188.15	207.93
Advertisement and promotional materials	1,216.68	1,334.39
Travelling and conveyance	766.69	791.11
Commission on sales	232.46	235.28
Printing and stationery	62.37	65.62
Legal and professional fees	539.07	368.00
Contractual services	247.44	248.82
Payment to auditors (refer note below)	8.76	9.54
Commission to non executive directors	6.90	9.90
Directors sitting fees	0.84	0.82
Provision for doubtful debts	32.64	43.67
Loss on sale of property, plant and equipment	41.41	7.83
Bad debts written off	14.74	9.84
Expenditure towards corporate social responsibility (refer note 56)	58.08	61.97
Miscellaneous expenses	443.33	378.70
Total	**5,957.79**	**6,223.59**

Notes to the financial statements
for the year ended March 31, 2020(Continued)

Note - Payment to auditors:

Rs. in million

Particulars	March 31, 2020	March 31, 2019
Audit fees	5.57	4.80
Other services	2.34	4.20
Out of pocket expenses	0.85	0.54
Total	**8.76**	**9.54**

Rs. in million

Note 31 - Depreciation and amortisation expense	March 31, 2020	March 31, 2019
Depreciation on property, plant and equipment	1,222.75	1,090.69
Amortisation of intangible assets	224.06	207.71
Depreciation on ROU	102.93	-
Total	**1,549.74**	**1,298.40**

Rs. in million

Note 32 - Finance cost	March 31, 2020	March 31, 2019
Interest on long-term borrowings measured at amortised cost	608.17	639.28
Interest on short-term borrowings measured at amortised cost	505.07	378.08
Interest on shortfall of advance income tax	33.19	9.11
Interest Accrued On Lease Liability	49.00	-
Other borrowing costs	109.56	169.43
Exchange differences to the extent regarded as an adjustment to borrowing costs	67.22	70.64
Total	**1,372.21**	**1,266.54**

Rs. in million

Note 33 - Exceptional items	March 31, 2020	March 31, 2019
Consultancy fees (see note (a) and (b) below)	441.59	349.55
Total	**441.59**	**349.55**

Note : The Company received a warning letter dated March 3, 2016 in respect of its manufacturing location in Pune. The Company's products are under an ongoing 'import alert' (with the exemption of few products) from the Food and Drug Administration of the USA ('US FDA').
The last inspection in respect of manufacturing locations in Hinjwadi was conducted by US FDA in the month of on February, 2019. Warning letter was received by the company on August 06,2019. Management has taken the necessary corrective actions based on the audit conducted by US FDA with the last response sent on May 18, 2020.

a) The Company has also engaged external consultants as a part of remediation action for Hinjewadi plant. Professional fees paid amounting to Rs. 361.69 million (March 31, 2019 - Rs. 349.55 million) to external consultant has been classified as an exceptional item.

b) Consultancy fees towards Department of Justice (DOJ) investigation amounting to Rs. 79.90 million (March 31, 2019 Rs. Nil) has been classified as exceptional item. Refer note 40.

Rs. in million

Note 34 - Tax expenses recognised in statement of profit and loss	March 31, 2020	March 31, 2019
Current tax		
Current tax on profits for the year	744.31	913.51
Change in estimate related to prior years	(16.17)	-
Total current tax expense	**728.14**	**913.51**
Deferred tax		
Originating and reversal of temporary differences	(253.30)	(30.52)
Changes in recognised temporary differences of earlier years	19.93	(21.18)
Total deferred tax expense/(benefit)	**(233.37)**	**(51.70)**
Total	**494.77**	**861.81**

Notes to the financial statements

for the year ended March 31, 2020(Continued)

Rs. in million

Tax (expenses)/income recognised in other comprehensive income	March 31, 2020	March 31, 2019
Remeasurements of post-employment benefit obligations	10.93	(0.58)
Total	**10.93**	**(0.58)**

Rs. in million

Tax expense recognised in other equity	March 31, 2020	March 31, 2019
Foreign currency monetary item translation reserve	6.93	2.77
Retained earnings	-	(928.45)
General Reserve	-	(21.97)
Total	**6.93**	**(947.65)**

Rs. in million

Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:	March 31, 2020		March 31, 2019	
Profit before tax expense		**2,246.82**		**3,698.35**
Tax using the Company's domestic tax rate of 34.94% (March 31, 2019 — 34.94%)	**34.94%**	**785.13**	**34.94%**	**1,292.35**
Tax effect of amounts which are not (deductible) / taxable in calculating taxable income:				
Weighted deduction on research and development expenditure	-6.02%	(135.31)	-5.31%	(196.31)
Non taxable income	-4.72%	(105.96)	-0.68%	(25.10)
Non deductible expenses	1.59%	35.75	0.69%	25.65
Additional allowances for tax purpose	0.00%	-	-5.72%	(211.62)
Change in estimate related to prior years	0.00%	(16.17)	0.00%	-
Change in tax rate#	-5.46%	(122.66)	0.00%	-
Changes in recognised temporary differences of earlier years	0.89%	19.93	-0.57%	(21.18)
Other items	1.52%	34.06	-0.05%	(1.98)
Effective tax rate	**22.74%**	**494.77**	**23.30%**	**861.81**

The Company intends to exercise the option with regards to the tax rate mentioned under section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019, with effect from the financial year ended 31 March 2021. Hence, for year ended 31 March 2020, the Company has used the tax rate 34.944% (31st March 2019 - 34.944%) to reconcile the corporate tax payable on taxable profits under Indian Income Tax Laws. The deferred tax assets/liabilities have been restated at the tax rate mentioned under section 115BAA as per the timing for the expected reversal of the timing differences.

Notes to the financial statements

for the year ended March 31, 2020(Continued)

Rs. in million

Note 35 - Deferred tax assets/(liabilities) - net	March 31, 2020	March 31, 2019
Deferred tax assets on:		
Allowance for doubtful debts - trade receivables	68.89	59.45
Provision - employee benefit	97.46	116.25
Financial guarantee liability	13.15	25.36
Deferred government grant	-	1.84
Minimum alternate tax credit entitlement	-	141.60
Loans to subsidiaries	5.62	14.45
Lease Liability	132.35	-
Total deferred tax assets	**317.47**	**358.95**
Deferred tax liabilities on:		
Property, plant and equipment	425.30	625.35
Intangible assets	88.75	153.12
Investment in preference shares of subsidiary	-	4.45
Right to use asset	124.68	-
Total deferred tax liabilities	**638.73**	**782.92**
Deferred tax asset/(liability) - net	**(321.26)**	**(423.97)**

Rs. in million

Movement of Deferred tax assets / liabilities	Balance of deferred tax assets as at April 1, 2019	Balance of deferred tax liability as at April 1, 2019	Net deferred tax assets/ (liabilities) as at April 1, 2019	Transferred to statement of profit and loss	Transferred to Other compre-hensive income	MAT credit utilised	Balance of deferred tax asset as at March 31, 2020	Balance of deferred tax liability as at March 31, 2020	Net deferred tax assets/ (liabilities) as at March 31, 2020
Allowance for doubtful debts - trade receivables	59.45	-	59.45	9.44	-	-	68.89	-	68.89
Provision - Employee benefit	116.24	-	116.24	(29.71)	10.93	-	97.46	-	97.46
Financial guarantee liability	25.37	-	25.37	(12.22)	-	-	13.15	-	13.15
Deferred government grant	1.84	-	1.84	(1.84)	-	-	-	-	-
Lease Liability	-	-	-	132.35	-	-	132.35	-	132.35
Minimum alternate tax credit entitlement	141.59	-	141.59	-	-	(141.59)	-	-	-
Loans to subsidiaries	14.45	-	14.45	(8.83)	-	-	5.62	-	5.62
Investment in preference shares of subsidiary	-	(4.45)	(4.45)	4.45	-	-	-	-	-
Property, Plant and Equipment	-	(625.34)	(625.34)	200.04	-	-	-	(425.30)	(425.30)
Intangible assets	-	(153.12)	(153.12)	64.37	-	-	-	(88.75)	(88.75)
Right to use asset	-	-	-	(124.68)	-	-	-	(124.68)	(124.68)
Total	**358.94**	**(782.91)**	**(423.97)**	**233.37**	**10.93**	**(141.59)**	**317.47**	**(638.73)**	**(321.26)**

Notes to the financial statements
for the year ended March 31, 2020(Continued)

Rs. in million

Movement of Deferred tax assets / liabilities	Balance of deferred tax assets as at April 1, 2018	Balance of deferred tax liability as at April 1, 2018	Net deferred tax assets/ (liabilities) as at April 1, 2018	Transferred to statement of profit and loss	Transferred to Other compre-hensive income	MAT credit utilised/ Others	Balance of deferred tax asset as at March 31, 2019	Balance of deferred tax liability as at March 31, 2019	Net deferred tax assets/ (liabilities) as at March 31, 2019
Allowance for doubtful debts - trade receivables	44.19	-	44.19	15.26	-	-	59.45	-	59.45
Provision - Employee benefit	113.49	-	113.49	3.34	(0.58)	-	116.24	-	116.24
Financial guarantee liability	32.43	-	32.43	(7.07)	-	-	25.37	-	25.37
Deferred government grant	7.75	-	7.75	(5.91)	-	-	1.84	-	1.84
Minimum alternate tax credit entitlement	1,199.89	-	1,199.89	38.50	-	(1,096.80)	141.59	-	141.59
Loans to subsidiaries	19.02	-	19.02	(4.57)	-	-	14.45	-	14.45
Investment in preference shares of subsidiary	-	(0.61)	(0.61)	(3.84)	-	-	-	(4.45)	(4.45)
Property, Plant and Equipment	-	(655.69)	(655.69)	30.35	-	-	-	(625.34)	(625.34)
Intangible assets	-	(138.76)	(138.76)	(14.36)	-	-	-	(153.12)	(153.12)
Foreign currency monetary translation reserve	-	(15.33)	(15.33)	-	-	15.33	-	-	-
Total	**1,416.77**	**(810.39)**	**606.38**	**51.70**	**(0.58)**	**(1,081.47)**	**358.94**	**(782.91)**	**(423.97)**

Rs. in million

Note 36 - Current tax assets/(liabilities) (net)	March 31, 2020	March 31, 2019
Current tax assets (net of provision)	333.88	332.77
Current tax liability (net of advance tax)	(308.34)	(1.51)
Current Tax assets/(liabilities) (net)	**25.54**	**331.26**

Note 37 : Capital management

The Company's objectives when managing capital are to

- Safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholder's and benefits for other stakeholder's, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Generally consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings excluding transaction cost, lease liabilities, net of cash and cash equivalents and other bank balances)

divided by

Total equity (as shown in the balance sheet).

The Company's strategy is to maintain a gearing ratio less than 1.50x. The gearing ratio at year end is as follows:

Rs. in million

Particulars	March 31, 2020	March 31, 2019
Net debt (as defined above)	11,588.79	12,032.53
Total equity	19,145.50	17,775.07
Gearing ratio	0.61	0.68

Notes to the financial statements
for the year ended March 31, 2020(Continued)

Note 38 : Financial risk management

The Company is exposed to a variety of financial risks which results from the Company's operating and investing activities. The Company's risk management is carried out by central treasury department under guidance of the board of directors and the core management team of the Company, and it focuses on actively ensuring the minimal impact of Company's financial position.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk in the financial statements

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, other financial assets measured at amortised cost.	Ageing analysis credit ratings	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other financial liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee (Rs.)	Cash flow forecasting Sensitivity analysis	Effective management of foreign exchange outflow and inflow. Borrowing in foreign currency to fulfil foreign currency obligation
Market risk - interest rate	Borrowings at variable rates	Sensitivity analysis	Ongoing review of existing borrowing rates and seeking for new facilities at lower rate.

A) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and other financial assets. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables.

Other financial assets that are potentially subject to credit risk consists of cash equivalents, inter corporate loans and deposits.

Further, the Company also recognises loss allowance by using a provision matrix based on historical credit loss experience wherein fixed provision rates are defined for each financial asset which is past due / not due. The Company depending on the diversity of its asset base, uses appropriate groupings if the historical credit loss experience shows significant different loss patterns for different customer segments / financial assets.

Also, the Company limits its exposure to credit risk from receivables by establishing a maximum payment period for customers.

The Company considers the recoverability from financial assets on regular intervals so that such financial assets are received within the due dates.

The Company has exposure to credit risk which is limited to carrying amount of financial assets recognised at the date of Balance sheet

Trade receivables

Trade receivables are usually due within 7-180 days. Generally, and by practice significant domestic customers enjoy a credit period of approximately 7-45 days and for export customers, the credit period ranges from 30 to 180 days. The receivables are not interest bearing, which is the normal industry practice. All trade receivables are subject to credit risk exposure except for receivables from government agencies and related parties. However, the Company does not identify specific concentration of credit risk with regard to trade receivables, as the amounts recognized represent a large number of receivables from various customers. Further, majority of the receivables pertains to receivables from Subsidiaries, wherein the concentration of credit risk is considered to be low. Certain receivables are also backed by letter of credit from the banks, resulting into negligible credit risk in recovery of such receivables.

The Company uses a provision matrix (simplified approach) to measure the expected credit loss of trade receivables and other financial assets measured at amortised cost.

Year ended March 31, 2020:

Expected credit loss for trade receivables under simplified approach

Rs in Millions

Ageing	Not Due	0-90 days past due	91-180 days past due	181-270 days past due	271-360 days past due	More than 360 days past due	Total
Gross carrying amount	3,616.56	2,453.93	880.06	393.15	1,213.26	3,098.05	11,655.01
Expected loss rate (includes interest as well as credit loss)	-1.24%	-1.75%	-1.97%	-2.66%	-2.39%	-4.17%	-2.35%
Expected credit losses (loss allowance provision)	(44.97)	(42.87)	(17.30)	(10.44)	(29.00)	(129.13)	(273.71)
Carrying amount of trade receivables (net of loss allowance)	**3,571.59**	**2,411.06**	**862.76**	**382.71**	**1,184.26**	**2,968.92**	**11,381.30**

Notes to the financial statements
for the year ended March 31, 2020(Continued)

Year ended March 31, 2019:
Expected credit loss for trade receivables under simplified approach

Rs in Million

Ageing	Not Due	0-90 days past due	91-180 days past due	181-270 days past due	271-360 days past due	More than 360 days past due	Total
Gross carrying amount	3,109.57	2,398.94	1,425.32	1,116.15	773.58	447.68	9,271.24
Expected loss rate (includes interest as well as credit loss)	-0.16%	-0.14%	-0.28%	-0.14%	-3.09%	-29.52%	-1.83%
Expected credit losses (loss allowance provision)	(5.01)	(3.47)	(3.99)	(1.60)	(23.90)	(132.15)	(170.12)
Carrying amount of trade receivables (net of loss allowance)	**3,104.56**	**2,395.47**	**1,421.33**	**1,114.55**	**749.68**	**315.53**	**9,101.12**

During the period, the Company has made write-offs of trade receivables amount to Rs. 14.74 million (March 31, 2019 — Rs. 9.84 million).
There are no financial assets which have been written off during the year which are subject to enforcement activity.

ii) Reconciliation of loss allowance provision — Trade receivables

Rs. in million

Particulars	Amount Rs.
Loss allowance on April 1, 2018	**126.45**
Amounts written off	(9.84)
Net remeasurement of loss allowances	53.51
Loss allowance on March 31, 2019	**170.12**
Amounts written off	(14.74)
Net remeasurement of loss allowances	118.33
Loss allowance on March 31, 2020	**273.71**

Cash and cash equivalents and deposits with banks:
With respect to the cash and cash equivalents and deposits with banks, the concentration of credit risk is negligible as these are kept with the reputed banks with very high credit worthiness.

B) Liquidity risk

Liquidity risk management implies maintaining sufficient cash and availability of funds through adequate amount of committed credit facility to meet the commitments arising out of financial liabilities. Due to the dynamic nature of the underlying business, Company maintains flexibility in funding by maintaining availability under committed credit lines. In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet future requirements, monitoring balance sheet liquidity ratios against debt covenants and maintaining debt financing plans and ensuring compliance with regulatory requirements.

The Company manages its liquidity needs by carefully monitoring scheduled debt payments as well as cash requirement for day-to-day business. Liquidity needs are monitored regularly as well as on the basis of a 30-day cash flow projection. Long-term liquidity needs for a period from 180 to 360 days period are identified and reviewed at regular intervals.

The Company maintains cash and marketable securities to meet its liquidity requirements. Funding in regards to long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

i) Financing arrangements

The Company has access to undrawn borrowing facilities including overdraft facility at the end of the reporting period.

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice subject to the continuance of satisfactory credit ratings.

ii) Maturities of financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows of financial liabilities. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Notes to the financial statements
for the year ended March 31, 2020(Continued)

Rs. in million

Contractual maturities of financial liabilities	Within 1 year	1 to 2 years	2 to 5 years	Total
March 31 2020				
Trade payable	4,386.24	-	-	4,386.24
Current borrowings	5,609.29	-	-	5,609.29
Bank term loans	1,759.15	1,851.52	2,687.21	6,297.88
Lease Liabilities	97.53	91.44	708.97	897.94
Trade deposit	-	-	89.85	89.85
Other financial liabilities	1,152.00	20.25	25.24	1,197.49
Total	**13,004.21**	**1,963.21**	**3,511.27**	**18,478.69**
March 31 2019				
Trade payable	3,235.24	-	-	3,235.24
Current borrowings	5,432.75	-	-	5,432.75
Bank term loans	2,382.48	1,826.39	2,597.45	6,806.32
Trade deposit	-	-	91.88	91.88
Other financial liabilities	1,190.56	20.25	48.40	1,259.21

Notes to the financial statements

for the year ended March 31, 2020(Continued)

Contractual maturities of financial liabilities	Within 1 year	1 to 2 years	2 to 5 years	Total
Total	12,241.03	1,846.64	2,737.73	16,825.40

C) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Company's income or the value of it's holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Foreign currency risk

The Company operates in international markets and a significant portion of its business is transacted in different currencies and consequently the group is exposed to foreign exchange risk through its sales and services and imported purchase to/from various countries.

The Company's foreign currency exposure is mainly in USD, EURO and GBP. The Company's financial liabilities in foreign currency mainly constitutes of bank loans which are repayable over the period of 5 years and trade payables. With sufficient export receivables, the Company has positive net currency asset base as compared to liabilities. Further, the Company receives foreign currency against its exports receivables on regular basis against which the Company pays its loan and import commitments. The Company has significant amount receivable in foreign currency from it's subsidiaries which are generally collected on time. To mitigate the risk arising on account of foreign exchange fluctuation, management closely monitors the cash inflows based on review of expected future movement in foreign currencies.

The bulk of contributions to the Company's assets, liabilities, income and expenses in foreign currency are denominated in USD, Euro, GBP, CAD, AUD and AED. Foreign currency denominated financial assets and liabilities expressed in Rs. as at the closing are as follows:

Foreign currency risk exposure:

Rs. in million

Particulars	Currency	Rs. in million		Foreign Currency	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Financial assets					
Receivables (including other receivables)	Euro	2,836.37	2,518.10	34.06	31.74
	USD	5,912.15	2,695.67	78.14	38.31
	GBP	658.24	1,481.08	7.01	16.07
	AED	8.01	5.80	0.39	0.30
	AUD	28.82	19.97	0.62	0.40
	CAD	776.12	635.05	14.50	12.03
Loans to subsidiaries	USD	436.27	402.60	5.77	5.72
	AED	214.84	204.86	10.50	10.50
	AUD	-	11.31	-	0.23
Interest receivable on loans to subsidiaries	USD	123.75	88.78	1.64	1.26
	AED	109.04	98.99	5.33	5.07
	AUD	0.17	0.82	0.00	0.02
Cash and cash equivalents	USD	138.11	175.67	1.83	2.50
	EURO	0.06	1.88	0.00	0.02
	Others*	0.05	0.67	0.06	0.41
Total		**11,242.00**	**8,341.25**	**159.85**	**124.58**
Financial liabilities					
Payables (including other payables)	Euro	81.44	78.16	0.98	0.99
	USD	781.83	753.93	10.33	10.71
	GBP	5.85	7.05	0.06	0.08
	AUD	9.49	12.18	0.20	0.24
	CAD	0.34	0.11	0.01	*
	JPY	0.79	-	1.13	-
	NZD	0.55	-	0.01	-
Interest Payable on loan	USD	2.29	5.06	0.03	0.07
	GBP	1.41	1.41	0.02	0.02
Loans payable	USD	1,285.55	1,192.88	16.99	16.95
	GBP	563.64	552.96	6.00	6.00
Total		**2,733.18**	**2,603.74**	**35.76**	**35.06**

* Foreign currency of insignificant amount

Sensitivity for significant currencies to which the Company is exposed:

Rs. in million

Particulars	Impact on profit before tax		Impact on foreign currency monetary item translation reserve	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
USD sensitivity				
USD/INR -Increase by 4% (March 31, 2019-4%)*	173.29	45.61	-	16.17
USD/INR -Decrease by 4% (March 31, 2019-4%)*	(173.29)	(45.61)	-	(16.17)
EURO sensitivity				
EURO/INR -Increase by 2% (March 31, 2019-2%)*	55.10	48.84	-	-
EURO/INR -Decrease by 2% (March 31, 2019-2%)*	(55.10)	(48.84)	-	-
GBP sensitivity				
GBP/INR -Increase by 8% (March 31, 2019-8%)*	6.99	73.57	-	-
GBP/INR -Decrease by 8% (March 31, 2019-8%)*	(6.99)	(73.57)	-	-
AED sensitivity				
AED/INR -Increase by 4% (March 31, 2019-4%)*	13.28	0.23		12.15
AED/INR -Decrease by 4% (March 31, 2019-4%)*	(13.28)	(0.23)	-	(12.15)

* Holding all other variables constant

ii) Interest rate risk

The Company's main interest rate risk arises from borrowings with variable rates, which exposes the Company to interest rate risk. During March 31, 2020 and March 31, 2019, the Company's borrowings at variable rate were mainly denominated in INR, GBP and USD.

a) Interest rate risk exposure

The Company's interest rate risk arises from borrowings. Borrowings obtained at variable rates expose the Company to interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

As a part of Company's interest risk management policy, treasury department closely tracks the base interest rate movements on regular basis. Based on regular review, management assesses the need to enter into interest rate swaps, contracts to hedge foreign currency risk. Management reviews the future movement in base rate against different factors such as overall micro and macro economic factors, liquidity in the system, expected spending cycle. Further on regular basis management assess the possibility of entering into new facilities which would reduce the future finance cost which helps management to mitigate the risk related to interest rate movement.

All the borrowing except vehicle loan are at floating rate. Refer note no. 16.

b) Sensitivity

The Company's policy is to minimize interest rate cash flow risk exposures on borrowing. The Company has exposure to foreign currency as well as local currency. The local currency loans are mainly linked to bank base rate/ marginal cost of funds based lending (MCLR) whereas foreign currency loans are majorly linked with USD libor linked rates.

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Rs. in million

Particulars	Impact on profit before tax	
	March 31, 2020	March 31, 2019
Interest rates — increase by 25 basis points (25 bps) *	(29.90)	(30.66)
Interest rates — decrease by 25 basis points (25 bps) *	29.90	30.66

* Holding all other variables constant

The bank deposits are placed on fixed rate of interest of approximately 5.50% to 8%. As the interest rates do not vary unless such deposits are withdrawn and renewed, interest rate risk is considered to be low.

Notes to the financial statements

for the year ended March 31, 2020(Continued)

Note 39 : Fair value measurements

A. Accounting classifications and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy.

March 31, 2020

Rs. in million

Particulars	Carrying amounts valued at				Fair value			
	FVTPL	Amortised Cost	Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Investments in preference shares of subsidiary	-	-	-	-	-	-	-	-
Financial assets not measured at fair value*								
Investments in Subsidiaries / others	-	-	4,077.09	4,077.09				
Loans to related parties	-	626.13	-	626.13				
Security deposits	-	106.38	-	106.38				
Trade receivables	-	11,382.93	-	11,382.93				
Interest accrued on loans to related parties	-	235.65	-	235.65				
Cash and cash equivalents	-	296.22	-	296.22				
Term deposits with banks	-	113.85	-	113.85				
Other financial assets	-	587.94	-	587.94				
Total Financial assets	**-**	**13,349.10**	**4,077.09**	**17,426.19**	**-**	**-**	**-**	**-**
Financial liabilities not measured at fair value*								
Long term borrowings (including current maturities)	-	6,297.88	-	6,297.88				
Short term borrowings	-	5,609.29	-	5,609.29				
Trade deposits	-	89.85	-	89.85				
Financial guarantee liabilities	-	52.32	-	52.32				
Other deposits	-	13.42	-	13.42				
Lease Liabilities	-	525.87	-	525.87				
Trade payables	-	4,386.24	-	4,386.24				
Creditors for capital assets	-	149.08	-	149.08				
Other Financial liability	-	982.67	-	982.67				
Total financial liabilities	**-**	**18,106.62**	**-**	**18,106.62**	**-**	**-**	**-**	**-**

* The Company has not disclosed the fair value for financial instruments such as trade receivables, cash and cash equivalents, term deposits with banks, other financial assets and financial liabilities because their carrying amounts are a reasonable approximation of fair value, due to their short-term nature.

Notes to the financial statements

for the year ended March 31, 2020(Continued)

March 31, 2019

Rs. in million

Particulars	Carrying amounts valued at				Fair value			
	FVTPL	Amortised Cost	Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Investments in preference shares of subsidiary	119.09	-	-	119.09	-	-	119.09	119.09
Financial assets not measured at fair value*								
Investments in Subsidiaries / others	-	-	2,986.62	2,986.62				
Loans to related parties	-	560.58	-	560.58				
Security deposits	-	101.97	-	101.97				
Trade receivables	-	9,101.12	-	9,101.12				
Interest accrued on loans to related parties	-	205.40	-	205.40				
Cash and cash equivalents	-	193.45	-	193.45				
Term deposits with banks	-	95.75	-	95.75				
Other financial assets	-	315.87	-	315.87				
Total Financial assets	**119.09**	**10,574.14**	**2,986.62**	**13,679.85**	**-**	**-**	**119.09**	**119.09**
Financial liabilities not measured at fair value*								
Long term borrowings (including current maturities)	-	6,806.32	-	6,806.32				
Short term borrowings	-	5,432.75	-	5,432.75				
Trade deposits	-	91.88	-	91.88				
Financial guarantee liabilities	-	72.56	-	72.56				
Other deposits	-	16.34	-	16.34				
Trade payables	-	3,235.24	-	3,235.24				
Creditors for capital assets	-	244.22	-	244.22				
Other Financial liability	-	926.09	-	926.09				
Total financial liabilities	**-**	**16,825.40**	**-**	**16,825.40**	**-**	**-**	**-**	**-**

* The Company has not disclosed the fair value for financial instruments such as trade receivables, cash and cash equivalents, term deposits with banks, other financial assets and financial liabilities because their carrying amounts are a reasonable approximation of fair value, due to their short-term nature.

There are no transfers between any levels during the year.

B. Measurement of fair values

i. Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investments in preference shares of subsidiary	Discounted cash flows: The valuation model considers present value of expected cash flows to be generated by the investee discounted using a risk-adjusted discount rate.	a. Earnings growth rate b. Risk adjusted discount rate	The estimated fair value would increase (decrease) if: - annual expected cash flows were higher (lower) - the risk-adjusted discount rate were lower (higher)

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial instruments not measured at fair value	Discounted cash flows: The valuation model considers the present value of expected payment discounted using a risk-adjusted discount rate.	Risk adjusted discounting rate	The estimated fair value would increase (decrease) if: - the risk-adjusted discount rate were lower (higher)

Notes to the financial statements
for the year ended March 31, 2020(Continued)

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

Estimating future cash flow and discounted cash flow analysis.

The fair values have been determined based on present values and the discount rates used were adjusted for counterparty credit risk.

C. Level 3 fair values:

i. Reconciliation of Level 3 fair values:

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

Rs. in million

Particulars	Investment in preference shares
As at April 1, 2018	102.60
Gains on fair valuation	16.49
As at March 31, 2019	119.09
Gains on fair valuation reversed	(19.09)
Redemption of preference share	(100.00)
As at March 31, 2020	-

ii. Sensitivity analysis:

For the fair values of investment in preference shares of subsidiary, reasonable possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects on the fair value:

Rs. in million

Particulars	Fair value as at		Significant unobservable inputs	Probability-weighted range	
	March 31, 2020	March 31, 2019		March 31, 2020	March 31, 2019
Investments in preference shares of subsidiary	-	119.09	Earnings growth rate		5%
			Risk adjusted discount rate		15%
Increased earnings growth factor (+50 basis points (bps)) and lower discount rate (-50 bps)				N.A	11.00
lower earnings growth factor (-50 bps) and higher discount rate (+50 bps)					(10.00)

Significant estimates: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see above.

Notes to the financial statements

for the year ended March 31, 2020(Continued)

Note 40 : Contingent liabilities (to the extent not provided for)

A. Claims against the Company not acknowledged as debts as at March 31, 2020

Rs in Million

Sr. No.	Particulars	March 31, 2020	March 31, 2019
a)	Sales tax	16.98	18.78
b)	Excise and Service Tax matters	0.40	3.40
c)	Other matters	36.62	36.62
	Total	**54.00**	**58.80**

Notes:

1) Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgement/decisions pending with various forums/authorities.

2) The Company is also contesting other civil claims against the Company not acknowledged as debts and the management believes that its position will likely be upheld in the appellate process.

3) There are numerous interpretative issues relating to the Supreme Court (SC) judgement dated 28th February, 2019, relating to components/allowances paid that need to be taken into account while computing an employer's contribution of provident fund under the Employees' Provident Funds and Miscellaneous Provident Act, 1952. The Company has also obtained a legal opinion on the matter and basis the same there is no material impact on the financial statements as at 31 March 2020. The Company would record any further effect on its financial statements, on receiving additional clarity on the subject.

4) Further, the Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in the financial statements. The management believes that the ultimate outcome of above proceeding will not have a material adverse effect on the Company's financial position and results of operations.

B. Other legal matters

a. Eli Lilly Co. v. Emcure Pharmaceuticals USA, Inc. and Emcure Pharmaceuticals Ltd., et al. (Pemetrexed Injection)

In August 2015, Eli Lilly Company filed suit against the Company and its subsidiary Heritage Pharma Labs Inc. (erstwhile Emcure Pharmaceuticals USA, Inc.)(collectively "Emcure") alleging infringement of United States Patent No. 7,772,209 (the "'209 patent") in connection with its pemetrexed for injection, 500 mg/vial, product sold under the trade name ALIMTA®. In July 2016, the litigation was dismissed in favor of a consolidated inter partes review ("IPR") filed by Sandoz with multiple generics as co-defendants before the United States Patent and Trademark Office ("US PTO"). In October 2017, the US PTO issued a ruling on the '209 patent that was unfavorable to the generics. Sandoz filed an appeal of the US PTO's ruling in the IPR to the Federal Circuit.

Because Emcure declined to participate in Sandoz's appeal of the US PTO's ruling, in February 2018, the parties agreed to enter into an administrative closure of the litigation against Emcure in exchange for Emcure's agreement to be bound by a Stipulated Preliminary Injunction entered against Sandoz pending the appeal to the Federal Circuit that will prevent the launch of a generic pemetrexed for injection product prior to the expiration of the '209 patent.

On June 4, 2019, the Federal Circuit issued a ruling on the IPR appeal that was unfavorable to the generics. The Company now expects the branded product to be protected from competition from ANDA filers until May 2022, the day after the paediatric exclusivity associated with the '209 patent expires. At this stage in the proceedings, it is not possible to estimate the likelihood or extent of the Company's potential liability, if any.

b. Celgene Corporation v. Emcure Pharmaceuticals Ltd. and Heritage Pharmaceuticals Inc. (Apremilast Tablet)

In June 2018,November 2018 and April 2019, Celgene Corporation ("Celgene") filed suit against the Company and its subsidiary Heritage Pharmaceuticals Inc. ("Heritage") alleging infringement of four U.S. patents: 7,427,638, 7,893,101, 9,872,854, and 10,092,541. Celgene based its infringement allegations on Emcure's filing of an ANDA seeking approval by the FDA to sell a generic version of an apremilast product sold under the trade name OTEZLA® prior to the expiration of each of these four asserted patentsIn August 2019, Amgen Inc. (Amgen) announced the purchase of OTEZLA® from Celgene and Amgen continued litigating this case against the Company and Heritage as a substituted plaintiff.

In May 2020, the case was settled and the litigation was dismissed in its entirely with no liability established against the Company. Under the confidential terms of the settlement, the Company received a license from Amgen to begin selling its generic apremilast product on a date prior to the expiration of the asserted patents.

c. Novartis Pharmaceutical Corp v. Emcure Pharmaceuticals Ltd. & Heritage Pharmaceuticals Inc. (Fingolimod Tablet)

In July 2018, Novartis Pharmaceuticals Corporation ("Novartis") filed two separa te suits against a number of defendants including the Company and its subsidiary Heritage Pharmaceuticals Inc. (together "Emcure") alleging infringement of two U.S. patents: 9,187,405 and 10,543,179. Novartis based its infringement allegations on Emcure's filing of an ANDA seeking approval by the FDA to sell a generic version of a tableted fingolimod product and sold under the trade name GILENYA® prior to the expiration of these two asserted patents.

In May 2020, the case was settled and the litigation was dismissed in its entirely with no liability established against the Company. Under the confidential terms of the settlement, the Company received a license from Novartis to begin selling its generic fingolimod product on a date prior to the expiration of the asserted patents.

C. Intellectual Property Matters

a. Sumitomo Dainippon Pharma Co., Ltd., et al. v. Emcure Pharmaceuticals Ltd. and Heritage Pharma Labs Inc. (Lurasidone)

In January 2015, February 2018 and June 2018, Sumitomo Dainippon Pharma Co., Ltd. ("Sumitomo") and Sunovion Pharmaceuticals Inc. ("Sunovion") filed suit against the Company and its subsidiary Heritage Pharma Labs Inc. (formerly Emcure Pharmaceuticals USA, Inc.) (together "Emcure") alleging infringement of three U.S. patents: 5,532,372, 9,815,827 and 9,907,794. Sumitomo and Sunovion based their infringement allegations in connection with each of the above referenced patents on Emcure's filing of an ANDA seeking approval by the FDA to sell a generic version of a tableted lurasidone product prior to the expiration of such patents.

In November 2018, the case was settled and the litigation was dismissed in its entirely with no liability established against the Company. Under the confidential terms of the settlement, the Company received a license from Sumitomo and Sunovion to begin selling its lurasidone product on a date prior to the expiration of the asserted patents.

D. Drug Pricing Matters

Department of Justice On December 2, 2015, the Company's subsidiary Heritage Pharmaceuticals Inc (Heritage) learned that the United States Department of Justice, Antitrust Division ("DOJ") initiated an investigation into Heritage and its employees regarding alleged violations of U.S. antitrust laws, which prohibit contracting or conspiring to restrain trade or commerce. In support of that investigation, the DOJ executed relevant search warrants at the Heritage's premises and at the residence of one of the Heritage's national accounts managers. In addition, the DOJ served grand jury subpoenas on the Heritage, and several current and former employees, which sought a variety of materials and data relevant to the Heritage's generic drug business. The Heritage is fully cooperated with the DOJ and responded to its subpoenas.

On May 7, 2018, Heritage received a civil investigative demand from the United States Department of Justice, Civil Division ("DOJ Civil") seeking documents and information in connection with a simultaneous investigation under the False Claims Act.

On May 31, 2019, Heritage announced that it entered into a deferred prosecution agreement ("DPA") with the DOJ relating to a one-count Information for a conspiracy involving glyburide. In conjunction with the DPA, Heritage agreed to pay a USD 225,000 fine. In addition, Heritage also announced that it separately agreed to a settlement with DOJ Civil to resolve potential civil liability under the False Claims Act in connection with the same antitrust conduct. Under the terms of the settlement with DOJ Civil, Heritage agreed to pay USD 7.1 million. These resolutions fully resolve Heritage's potential exposure in connection with the DOJ's ongoing investigation into the generics pharmaceutical industry.

In addition to the above, on May 31, 2019, the Company also entered into a cooperation and non-prosecution agreement ("NPA") with DOJ under which the Company, and its current officers, directors, and employees received non-prosecution protection in exchange for its agreement to provide cooperation into the DOJ's investigation. This resolution fully resolves the Company and its current officers, directors, and employees from potential exposure in connection with the DOJ's ongoing investigation into the generics pharmaceutical industry.

E. Attorneys General Litigation

On December 21, 2015, the Company's subsidiary Heritage Pharmaceuticals Inc (Heritage) received a subpoena and interrogatories from the Connecticut Office of the Attorney General seeking information relating to the marketing, pricing and sale of certain of Heritage's generic products (including generic doxycycline) and communications with competitors about such products. On December 14, 2016, attorneys general of twenty states filed a complaint in the United States District Court for the District of Connecticut against several generic pharmaceutical drug manufacturers, including Heritage, alleging anticompetitive conduct with respect to, among other things, doxycycline hyclate DR. The complaint was subsequently amended to add certain attorneys general alleging violations of federal and state antitrust laws, as well as violations of various states' consumer protection laws. This lawsuit has been transferred to the aforementioned MDL proceeding in the Easter District of Pennsylvania. On October 31, 2017, attorneys general of forty-five states, the District of Columbia and the Commonwealth of Puerto Rico filed a motion for leave to file a consolidated amended complaint ("proposed amended complaint") against various drug manufacturers, including Heritage. The proposed amended complaint was permitted and was filed on June 18, 2018 and included two additional states. Heritage is alleged to have engaged in anticompetitive conduct with respect to fifteen different drugs: acetazolamide; doxycycline monohydrate, doxycycline hyclate DR, fosinopril-HCTZ, glipizide-metformin, glyburide, glyburide-metformin, leflunomide, meprobamate, nimodipine, nystatin, paromomycin, theophylline, verapamil, and zoledronic acid. The amended complaint also includes claims asserted by attorneys general of thirty-seven states and the Commonwealth of Puerto Rico against Heritage, the Company and certain individuals, including company's Chief Executive Officer, Satish Mehta, with respect to doxycycline hyclate DR. The allegations in the amended complaint are similar to those in the previously filed complaints.

At this stage in the proceedings, it is not possible to estimate the likelihood or extent of the potential liability, if any.

Civil Litigation: Beginning in 2016, Heritage, along with other manufacturers, has been named as a defendant in lawsuits generally alleging anticompetitive conduct with respect to generic drugs. The lawsuits have been filed by putative classes of direct and indirect purchasers, indirect resellers, as well as individual direct and indirect purchasers. They allege harm under federal and state antitrust laws, state consumer protection laws and unjust enrichment claims. Some of the lawsuits also name Heritage and company's Chief Executive Officer, Satish Mehta, as defendants and include allegations against them with respect to doxycycline hyclate DR. The lawsuits have been consolidated in an MDL proceeding in the Eastern District of Pennsylvania. The Court has sequenced these lawsuits into separate groups for purposes of briefing motions to dismiss. Defendants filed motions to dismiss complaints in the first group. On October 16, 2018, the Court denied the motions with respect to the federal law claims. On February 15, 2019, the Court granted in part and denied in part the motions with respect to the state law claims.
At this stage in the proceedings, it is not possible to estimate the likelihood or extent of the potential liability, if any.

Notes to the financial statements

for the year ended March 31, 2020(Continued)

F. Other Litigation Matters Filed Against Heritage

a. Ranitidine Litigation

In June 2020, the Company's subsidiary Heritage Pharmaceuticals Inc (Heritage) received notice that three purported class actions have been filed against a number of defendants, including subsidiary Heritage Pharma Labs Inc., alleging personal injuries in connection with alleged elevated levels of NDMA contained in a ranitidine product. Both cases were consolidated into the ongoing multidistrict litigation captioned In re: Zantac (Ranitidine) Products Liability Litigation, MDL No. 2924, Case No. 20-MD-294, in the United States District Court, Southern District of Florida. In addition, on June 22, 2020, the MDL plaintiffs filed an amended master complaint that lists Heritage, Heritage Pharma Labs Inc., and the Company as defendants.

Heritage denies any liability and fully intends to defend these claims. At this stage in the proceedings, it is not possible to estimate the likelihood or extent of the Company's potential liability, if any.

G. General

From time to time, the Company is subject to various disputes, governmental and/or regulatory inquiries or investigations, and litigations, some of which result in losses, damages, fines and charges against the Company. While the Company intends to vigorously defend its position in the claims asserted against it, the ultimate resolution of a matter is often complex, time consuming, and difficult to predict. Therefore, except as described below, the Company does not currently have a reasonable basis to estimate the loss, or range of loss, that is reasonably possible with respect to matters disclosed in this note.

The Company records a provision in its financial statements to the extent that it concludes that a contingent liability is probable and the amount is estimable and has noted those contingencies below. The Company's assessments involve complex judgments about future events and often rely heavily on estimates and assumptions. The Company also incurs significant legal fees and related expenses in the course of defending its positions even if the facts and circumstances of a particular litigation do not give rise to a provision in the financial statements.

Note 41 : Capital and other commitments (to the extent not provided for)

A) Capital commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 469.46 million (March 31, 2019: Rs. 611.35 million).

B) Other commitments

a) The Company has a 100 per cent Export Oriented Unit (EOU) set up under the permission granted by the Office of the Development Commissioner of SEEPZ Special Economic Zone of the Government of India. The authorities have, inter alia, laid down the following conditions, failing which the Company may be liable for penal action:

i. The entire (100%) production shall be exported against hard currency except the sales in domestic tariff area admissible as per entitlement.

ii. The Export Oriented Unit of the Company shall be a positive net foreign exchange earner over a period of six years from the date of commencement of production.

As at the year end, the Company is in compliance with the condition laid down by the authorities and does not expect any non-compliance in future.

b) The Company has imported certain machinery under the Export Promotion Capital Goods (EPCG) Scheme and accordingly, has an export obligation of Rs. NIL (March 31, 2019: Rs. 31.55 million,).

In this respect, the Company has given bonds of Rs. NIL (March 31, 2019: Rs 6 million) to the Commissioner of Customs.

Year of issue of grant	Export obligation to be fulfilled	Unfulfilled export obligation			
		As at March 31, 2020		As at March 31, 2019	
		USD million	Rs. million	USD million	Rs. million
2014-15	2020-21	-	-	-	-
2016-17	2022-23	-	-	0.26	17.70
2017-18	2023-24	-	-	0.20	13.85
		-	**-**	**0.46**	**31.55**

C) Financial guarantees given

i) The Company has given corporate guarantees to the Bankers for Gennova Biopharmaceuticals Ltd. in respect of loans of Rs. 198.94 million (March 31, 2019: Rs. 254.14 million).

ii) The Company has given Corporate guarantees to the Bankers for Heritage Pharma Holdings Inc. in respect of loans of Rs. 7,599.10 million (USD 100.44 million) [(March 31, 2019: Rs. 6,065.01 million (USD 86.19 million)].

iii) The Company has given Corporate guarantees to the Bankers for Marcan Pharmaceuticals Inc. in respect of loans of Rs. 2,073.42 million (CAD 38.74 million) [March 31, 2019: Rs. 2,299.74 million (CAD 43.56 million)]. The Company has given Corporate guarantees to the Erstwhile Shareholders of Marcan Pharmaceuticals Inc. for Rs. 3,681.90 million (CAD 68.8 million) [March 31, 2019: Rs. 3,631.95 million (CAD 68.8 million)].

iv) The company has given Corporate guarantee to bankers in respect of loan of Rs 563.84 million (GBP 6 million) [March 31, 2019: Rs. 552.96 million (GBP 6 million)], sanctioned to Emcure Pharma UK Ltd.

v) The Company has given Corporate guarantees to the Bankers for Emcure Pharmaceuticals Mena FZ LLC. in respect of loans of Rs. 163.69 million (AED 8 million) [March 31, 2019: Rs. 156.08 million (AED 8 million)].

All the above financial guarantees have been accounted as per the provisions of Ind AS 109 financial instruments.

Notes to the financial statements

for the year ended March 31, 2020(Continued)

Note 42 : Earnings per share

Rs. in million

Particulars	March 31, 2020	March 31, 2019
Basic earnings per share		
A. Profit after tax attributable to equity shareholders (Rs. million)	1,752.05	2,836.54
B. Weighted average number of equity shares for the year	18,08,52,116	18,08,52,116
Basic earnings per share (Rs.) (A/B)	**9.69**	**15.68**
Diluted earnings per share		
C. Adjusted net profit for the year (Rs. million) (refer note below)	1,752.05	2,845.50
Weighted average number of equity shares for the year	18,08,52,116	18,08,52,116
Add: Effect of employee stock options*	-	8,52,184
D. Weighted average number of equity share (diluted) for the year	18,08,52,116	18,17,04,300
Diluted earning per share (Rs.) (C/D)	**9.69**	**15.66**
Face value per share (Rs.)	**10.00**	**10.00**

Note: Reconciliations of earnings used for calculating diluted earnings per share

Rs. in million

Particulars	March 31, 2020	March 31, 2019
Basic earnings per share		
Profit attributable to the equity holders of the company used in calculating basic earnings per share:	1,752.05	2,836.54
Add: Employee share-based payment (net of tax)*	-	8.96
Profit attributable to the equity holders of the company used for calculating diluted earnings per share	**1,752.05**	**2,845.50**

* The effect of conversion of potential equity share for the year ended March 31, 2020 is excluded, since the impact on earnings per share is anti dilutive.

Notes to the financial statements

for the year ended March 31, 2020(Continued)

Note 43 : Related party disclosure

Related parties with whom there were transactions during the year and nature of relationship

Subsidiaries:

Zuventus Healthcare Limited
Gennova Biopharmaceuticals Limited
Emcure Brasil Farmaceutica Ltda.
Emcure Nigeria Limited
Emcure Pharmaceuticals Mena FZ-LLC.
Emcure Pharmaceuticals South Africa (Pty) Ltd
Heritage Pharma Holdings Inc. (doing business as Avet Pharmaceuticals Holdings Inc.)
Emcure Pharma UK Ltd.
Emcure Pharma Mexico S.A. DE C.V.
Emcure Pharma Peru S.A.C.
Marcan Pharmaceuticals Inc.
Emcure Pharmaceuticals Pty Ltd.

Step-down subsidiaries:

Heritage Pharmaceuticals Inc. (doing business as Avet Pharmaceuticals Inc.) (Subsidiary of Heritage Pharma Holdings Inc.)
Heritage Pharma Labs Inc. (doing business as Avet Pharmaceuticals Labs Inc.) (Subsidiary of Heritage Pharma Holdings Inc.)
Tillomed Holdings Limited (Subsidiary of Emcure Pharma UK Ltd) (Dissolved w. e. f. April 16, 2019)
Hacco Pharma Inc. (Subsidiary of Heritage Pharma Holdings Inc.)(From March 6, 2019)
Tillomed Laboratories Limited (Subsidiary of Tillomed Holdings Limited)
Tillomed Pharma GmbH, Germany - (Subsidiary of Emcure Pharma UK Ltd.)
Laboratorios Tillomed Spain S.L.U. (Subsidiary of Emcure Pharma UK Ltd.)
Tillomed France SAS (Subsidiary of Emcure Pharma UK Ltd.)(From May 30, 2018)
Tillomed Italia S.R.L, Italy (Subsidiary of Emcure Pharma UK Ltd.)
Emcure NZ Limited (Subsidiary of Emcure Pharmaceuticals Pty Ltd.)
Tillomed Laboratories BV -(Subsidiary of Emcure Pharma UK Ltd.) (From April 24, 2019)

Key Management Personnel: Whole Time Directors

Mr. Satish Mehta - (Managing Director)
Dr. Mukund Gurjar (Executive Director)
Mr. Sunil Mehta (Executive Director)
Mrs. Namita Thapar (Chief Finance Officer and Executive Director)

Key Management Personnel: Other than Whole Time Directors

Mr. S.K. Bapat (Independent Director)
Mr. Humayun Dhanrajgir (Chairman and Independent Director)
Mr. Berjis Desai (Independent Director)
Dr. Girish Telang (Independent Director upto September 11, 2018)
Mr. Samonnoi Banerjee (Nominee of BC Investment IV Ltd) (Director)
Dr. Fakrul Sayeed (Director upto July 16, 2018)

Key Management Personnel: Relatives

Mr. Sanjay Mehta
Mr. Vikas Thapar
Mr. Samit Mehta
Mr. Rutav Mehta
Mrs. Bhavna Mehta

Enterprise over which Key Management Personnel have control:

H.M. Sales Corporation
Uth Beverages Factory Pvt. Ltd.

Notes to the financial statements

for the year ended March 31, 2020(Continued)

Rs. in million

Sr. No.	Description of the nature of transaction / balance	Transaction value		Balance outstanding as at			
				March 31, 2020		March 31, 2019	
		2019-20	2018-19	Receivable / Advance from customer	Payable / Advance to supplier	Receivable / Advance from customer	Payable / Advance to supplier
1)	**Purchase of goods & services**						
	Zuventus Healthcare Limited	46.54	62.77	-	-	-	5.81
	Gennova Biopharmaceuticals Limited	97.19	195.10	-	8.87	-	-
	Uth Beverages Factory Pvt. Ltd.		-	-	-	-	-
2)	**Sale of assets**						
	Zuventus Healthcare Limited	-	0.87	-	-	-	-
	Gennova Biopharmaceuticals Limited	0.11	3.73	-	-	-	-
3)	**Purchase of assets**						
	Zuventus Healthcare Limited	-	0.31	-	-	-	-
	Gennova Biopharmaceuticals Limited	0.01	0.02	-	-	-	-
	Tillomed Laboratories Limited	-	-	-	4.93	-	4.93
4)	**Sale /(Return) of goods and services**						
	Zuventus Healthcare Limited	182.47	254.63	15.63	-	4.55	-
	Gennova Biopharmaceuticals Limited	242.62	189.08	-	-	-	-
	Heritage Pharma Labs Inc.	164.74	66.23	208.93	-	24.36	-
	Emcure Pharmaceuticals Mena FZ-LLC.	263.71	452.28	215.31	-	269.55	-
	Uth Beverages Factory Pvt. Ltd.	-	0.01	-	-	0.02	-
	Heritage Pharmaceuticals Inc.	2,162.66	3,791.90	2,890.50	-	988.76	-
	Emcure Pharmaceuticals South Africa (Pty) Ltd	208.15	157.41	100.97	-	96.09	-
	Emcure Pharma UK Ltd.	(29.58)	1,801.49	1,869.56	-	2,446.02	-
	Emcure Pharma Peru S.A.C.	25.76	76.86	111.13	-	77.35	-
	Tillomed Laboratories Limited	1,894.98	1,031.66	1,329.35	-	1,269.01	-
	Tillomed Pharma GmbH	-	-	105.42	-	100.05	-
	Tillomed Italia S.R.L	-	-	16.59	-	15.49	-
	Marcan Pharmaceuticals Inc.	925.94	704.46	680.70	-	633.70	-
	H.M. Sales Corporation	8.91	-	10.02	-	-	-
5)	**Purchase of shares of subsidiary**						
	Heritage Pharma Holdings Inc.	375.42	-	-	-	-	-
	Emcure Pharma UK Ltd.	598.37	-	-	-	-	-
6)	**Equity contribution in the nature of employee stock options issued to employees of subsidiary**						
	Emcure Pharma UK Ltd.	-	0.09	-	-	-	-
	Heritage Pharma Holdings Inc.	25.27	-	-	-	-	-
	Gennova Biopharmaceuticals Limited	2.35	0.14	-	-	-	-
	Marcan Pharmaceuticals Inc.	0.93	2.36	-	-	-	-
	Heritage Pharma Labs Inc.	1.44	0.48	-	-	-	-
	Heritage Pharmaceuticals Inc.	82.93	34.74	-	-	-	-
	Tillomed Laboratories Limited	3.78	1.18	-	-	-	-
	Zuventus Healthcare Limited	-	0.11	-	-	-	-

Notes to the financial statements

for the year ended March 31, 2020(Continued)

Rs. in million

Sr. No.	Description of the nature of transaction / balance	Transaction value		Balance outstanding as at			
				March 31, 2020		March 31, 2019	
		2019-20	2018-19	Receivable / Advance from customer	Payable / Advance to supplier	Receivable / Advance from customer	Payable / Advance to supplier
7)	**Loans and advances given / (repaid) #**						
	Emcure Nigeria Limited	-	-	57.93	-	51.60	-
	Emcure Pharmaceuticals South Africa (Pty) Ltd	-	-	131.44	-	116.69	-
	Emcure Pharmaceuticals Mena FZ-LLC.	-	-	214.84	-	201.33	-
	Emcure Brasil Farmaceutica Ltda.	-	-	104.76	-	89.85	-
	Emcure Pharmaceuticals Pty Ltd.	(10.99)	(5.08)	-	-	8.09	-
	Emcure Pharma Mexico S.A. DE C.V.	-	-	68.59	-	53.22	-
	Emcure Pharma Peru S.A.C.	3.17	5.98	48.57	-	39.80	-
8)	**Interest income**						
	Emcure Nigeria Limited	3.74	3.64	28.89	-	23.84	-
	Emcure Pharmaceuticals South Africa (Pty) Ltd	8.11	7.77	42.12	-	32.45	-
	Emcure Pharmaceuticals Mena FZ-LLC.	19.56	18.71	109.15	-	105.45	-
	Emcure Brasil Farmaceutica Ltda.	7.86	7.53	36.58	-	29.58	-
	Emcure Pharmaceuticals Pty Ltd.	0.59	1.25	0.11	-	3.16	-
	Emcure Pharma Peru S.A.C.	4.05	3.61	7.44	-	4.75	-
	Emcure Pharma Mexico S.A. DE C.V.	6.72	6.00	11.36	-	6.17	-
9)	**Net gain/(loss) on loans given to subsidiaries measured at amortised cost**						
	Emcure Brasil Farmaceutica Ltda.	7.11	7.87	-	-	-	-
	Emcure Nigeria Limited	2.21	3.15	-	-	-	-
	Emcure Pharma Mexico S.A. DE C.V.	9.85	8.16	-	-	-	-
	Emcure Pharma Peru S.A.C.	2.21	2.49	-	-	-	-
	Emcure Pharmaceuticals Mena FZ-LLC.	3.53	7.80	-	-	-	-
	Emcure Pharmaceuticals South Africa (Pty) Ltd	5.08	4.54	-	-	-	-
	Emcure Pharmaceuticals Pty Ltd.	3.22	2.38	-	-	-	-
10)	**Net gain/(loss) on interest on inter company loan**						
	Emcure Brasil Farmaceutica Ltda.	(1.92)	(2.54)	-	-	-	-
	Emcure Nigeria Limited	(0.22)	(0.42)	-	-	-	-
	Emcure Pharma Mexico S.A. DE C.V.	(1.36)	(1.84)	-	-	-	-
	Emcure Pharma Peru S.A.C.	(1.56)	(1.86)	-	-	-	-
	Emcure Pharmaceuticals Mena FZ-LLC.	(6.35)	(14.08)	-	-	-	-
	Emcure Pharmaceuticals South Africa (Pty) Ltd	(0.32)	(0.49)	-	-	-	-
	Emcure Pharmaceuticals Pty Ltd.	(2.45)	(2.08)	-	-	-	-
11)	**Interest expense**						
	H.M. Sales Corporation	0.75	0.75	-	0.17	-	0.17
	Gennova Biopharmaceuticals Limited	-	-	-	-	-	-
12)	**Sale of Steam**						
	Gennova Biopharmaceuticals Limited	19.48	11.54	1.15	-	-	-
13)	**Deposits accepted**						
	H.M. Sales Corporation	-	-	-	10.00	-	10.00
	Zuventus Healthcare Limited	-	-	-	0.85	-	0.76
	Gennova Biopharmaceuticals Limited	-	-	-	11.85	-	14.86

Notes to the financial statements

for the year ended March 31, 2020(Continued)

Rs. in million

Sr. No.	Description of the nature of transaction / balance	Transaction value		Balance outstanding as at			
				March 31, 2020		March 31, 2019	
		2019-20	2018-19	Receivable / Advance from customer	Payable / Advance to supplier	Receivable / Advance from customer	Payable / Advance to supplier
14)	**Amortisation of deferred rent receivable**						
	Gennova Biopharmaceuticals Limited	2.10	1.30	-	2.33	-	0.37
	Zuventus Healthcare Limited	0.09	0.09	-	0.12	-	1.23
15)	**Unwinding of discount on rent deposit**						
	Gennova Biopharmaceuticals Limited	1.27	1.59	-	-	-	-
	Zuventus Healthcare Limited	0.09	0.08	-	-	-	-
16)	**Commission expenses**						
	H.M. Sales Corporation	25.82	25.06	-	6.96	-	7.01
17)	**Reimbursement of expenses made**						
	Heritage Pharma Labs Inc.	22.44	28.55		11.24	-	0.75
	Uth Beverages Factory Pvt. Ltd.	0.50	0.03		-	-	-
	Tillomed Laboratories Limited	-	2.49		-	-	1.74
	H.M. Sales Corporation	-	0.02		-	-	0.00
	Heritage Pharmaceuticals Inc.	188.38	28.65		188.38	-	-
	Marcan Pharmaceuticals Inc.	4.21	1.53		2.28	-	0.11
18)	**Reimbursement of expenses received**						
	Heritage Pharma Labs Inc.	69.62	27.32	96.94	-	27.32	-
	Tillomed Italia S.R.L	4.58	1.33	5.91	-	1.33	-
	Tillomed Pharma GmbH	4.27	2.92	7.31	-	3.03	-
	Emcure Pharmaceuticals Mena FZ-LLC.	0.27	1.62	5.13	-	4.87	-
	Heritage Pharma Holdings Inc.	88.93	32.20	107.15	-	34.52	-
	Emcure Pharma UK Ltd.	0.42	4.54		-	0.14	-
	Heritage Pharmaceuticals Inc.	27.47	238.64	0.03	-	37.28	-
	Tillomed Laboratories Limited	24.71	62.55	139.36	-	114.65	-
	Laboratorios Tillomed Spain S.L.U.	5.11	3.52	4.26	-	3.37	-
	Tillomed France SAS	1.48	0.03	0.90	-	0.03	-
	Marcan Pharmaceuticals Inc.	4.74	7.15	5.58	-	0.84	-
19)	**Dividend received**						
	Zuventus Healthcare Limited	303.24	71.82	-	-	-	-
20)	**Rent income**						
	Zuventus Healthcare Limited	8.99	8.50	-	-	-	-
	Gennova Biopharmaceuticals Limited	32.41	31.80	-	-	-	-
21)	**Remuneration paid**						
	Key Management Personnel: Whole Time Directors						
	Mr. Satish Mehta	160.05	158.50	-	29.66	-	43.80
	Dr. Mukund Gurjar	40.79	38.23	-	9.39	-	9.10
	Mr. Sunil Mehta	21.01	18.66	-	6.93	-	6.67
	Mrs. Namita Thapar	23.70	21.43	-	5.10	-	5.10

Notes to the financial statements
for the year ended March 31, 2020(Continued)

Rs. in million

Sr. No.	Description of the nature of transaction / balance	Transaction value		Balance outstanding as at			
				March 31, 2020		March 31, 2019	
		2019-20	2018-19	Receivable / Advance from customer	Payable / Advance to supplier	Receivable / Advance from customer	Payable / Advance to supplier
22)	**Remuneration paid**						
	Key Management Personnel: Relatives						
	Mr. Samit Mehta	22.04	19.42	-	5.43	-	5.39
	Mr. Vikas Thapar	24.95	24.91	-	5.18	-	5.47
	Mr. Rutav Mehta	1.50	1.52	-	0.15	-	0.09
	Mr. Sanjay Mehta	20.97	18.66	-	7.25	-	6.67
23)	**Post-employment obligations**						
	Key Management Personnel: Whole Time Directors						
	Mr. Sunil Mehta	1.34	1.08	-	10.36	-	9.03
	Mrs. Namita Thapar	1.25	1.08	-	5.96	-	4.72
24)	**Post-employment obligations**						
	Key Management Personnel: Relatives						
	Mr. Samit Mehta	1.33	1.49	-	6.45	-	5.12
	Mr. Vikas Thapar	0.80	1.18	-	6.41	-	5.61
	Mr. Rutav Mehta	0.05	0.04	-	0.15	-	0.10
	Mr. Sanjay Mehta	1.58	0.77	-	9.59	-	8.00
25)	**Compensated absences**						
	Key Management Personnel: Whole Time Directors						
	Mr. Satish Mehta	1.77	1.77	-	15.86	-	14.08
	Dr. Mukund Gurjar	0.02	0.33	-	3.61	-	3.58
	Mr. Sunil Mehta	0.08	0.08	-	1.46	-	1.37
	Mrs. Namita Thapar	0.37	0.35	-	2.58	-	2.21
26)	**Compensated absences**						
	Key Management Personnel: Relatives						
	Mr. Samit Mehta	0.34	0.46	-	2.24	-	1.90
	Mr. Vikas Thapar	0.13	0.36	-	2.75	-	2.62
	Mr. Rutav Mehta	-	0.02	-	0.02	-	0.09
	Mr. Sanjay Mehta	0.19	0.11	-	1.66	-	1.47
27)	**Employee share based payments**						
	Key Management Personnel: Relatives						
	Mr. Vikas Thapar	6.32	0.64	-	32.02	-	25.70
28)	**Dividend paid**						
	Key Management Personnel: Whole Time Directors						
	Mr. Satish Mehta	189.37	340.76	-	-	-	-
	Dr. Mukund Gurjar	0.74	1.33	-	-	-	-
	Mr. Sunil Mehta	27.71	49.88	-	-	-	-
	Mrs. Namita Thapar	15.85	28.53	-	-	-	-
29)	**Dividend paid**						
	Key Management Personnel: Relatives						
	Mr. Samit Mehta	33.87	60.96	-	-	-	-
	Mr. Vikas Thapar	0.94	1.69	-	-	-	-
	Mr. Sanjay Mehta	39.41	70.94	-	-	-	-
	Mrs. Bhavna Mehta	23.14	42.25	-	-	-	-
	Mr. Rutav Mehta	11.45	4.84	-	-	-	-

Notes to the financial statements
for the year ended March 31, 2020(Continued)

Rs. in million

Sr. No.	Description of the nature of transaction / balance	Transaction value		Balance outstanding as at			
				March 31, 2020		March 31, 2019	
		2019-20	2018-19	Receivable / Advance from customer	Payable / Advance to supplier	Receivable / Advance from customer	Payable / Advance to supplier
30)	**Commission - Other than Whole Time Directors**						
	Mr. S.K. Bapat	2.40	2.90	-	2.40	-	2.90
	Mr. Humayun Dhanrajgir	2.00	3.20	-	2.00	-	3.20
	Mr. Berjis Desai	2.50	3.80	-	2.50	-	3.80
31)	**Sitting fees - Other than Whole Time Directors**						
	Mr. S.K. Bapat	0.34	0.34	-	-	-	-
	Mr. Humayun Dhanrajgir	0.06	0.16	-	-	-	-
	Mr. Berjis Desai	0.28	0.20	-	-	-	-
	Mr. Samonnoi Banerjee	0.16	0.12	-	-	-	-
32)	**Rent expense**						
	Key Management Personnel: Whole Time Directors						
	Mr. Sunil Mehta	0.33	0.33	-	-	-	-
33)	**Rent expense**						
	Key Management Personnel: Relatives						
	Mr. Sanjay Mehta	0.33	0.33	-	-	-	-
	Mrs. Bhavna Mehta	0.24	0.24	-	-	-	-
34)	**Amortisation of financial guarantee liability**						
	Marcan Pharmaceuticals Inc.	20.31	20.25	-	52.25	-	72.56
35)	**Financial guarantee fees charged**						
	Gennova Biopharmaceuticals Limited	2.25	3.55	-	-	-	-
	Heritage Pharma Holdings Inc.	75.05	57.23	132.28	-	57.23	-
	Emcure Pharma UK Ltd.	5.64	5.35	5.64	-	1.35	-
	Marcan Pharmaceuticals Inc.	3.57	2.04	4.08	-	0.51	-
	Emcure Pharmaceuticals Mena FZ-LLC.	1.64	1.50	4.32	-	2.69	-
36)	**Redemption of Preference Shares**						
	Gennova Biopharmaceuticals Limited	100.00	-	-	-	-	-
37)	**Net changes in fair value of preference shares**						
	Gennova Biopharmaceuticals Limited	19.09	16.49	-	-	-	-
38)	**Revenue recognised in retained earnings due to transition to Ind AS 115 (refer note 46)**						
	Heritage Pharmaceuticals Inc.	-	1,605.28	-	-	-	-
	Emcure Pharma UK Ltd.	-	866.93	-	-	-	-
	Tillomed Laboratories Limited	-	91.39	-	-	-	-
	Tillomed Pharma GmbH	-	50.40	-	-	-	-
	Tillomed Italia S.R.L	-	20.80	-	-	-	-
	Laboratorios Tillomed Spain S.L.U.	-	1.29	-	-	-	-
	Marcan Pharmaceuticals Inc.	-	20.88	-	-	-	-

Rs. in million

Sr. No.	Description of the nature of transaction / balance	Transaction value		Balance outstanding as at			
				March 31, 2020		March 31, 2019	
		2019-20	2018-19	Receivable / Advance from customer	Payable / Advance to supplier	Receivable / Advance from customer	Payable / Advance to supplier
39)	**Royalty expense**						
	Uth Beverages Factory Pvt. Ltd.	1.71	1.94	-	0.73	-	1.04
40)	**Marketing Support Fees (classified under Advertisement & Promotional Material)**						
	Emcure Pharmaceuticals Mena FZ-LLC.	11.59	30.45	-	59.05	-	54.32
	Emcure Nigeria Limited	3.66	3.92	-	3.79	-	2.24
	Emcure Pharma Peru S.A.C.	38.19	27.37	-	35.09	-	-
	Emcure Pharma Mexico S.A. DE C.V.	16.71	23.55	-	7.64	-	5.59
	Emcure Brasil Farmaceutica Ltda.	43.27	40.00	-	14.14	-	8.89
	Emcure Pharmaceuticals Pty Ltd.	32.18	23.26	-	15.25		12.18
	Emcure NZ Limited	62.85	28.58	-	0.50	-	14.85

* The amounts are below the rounding off norm adopted by the Company.
# Loans and Guarantees are given for the general business purposes of related parties.

The loans given to subsidiaries and interest thereon are measured at amortised cost. The difference between the carrying amount and actual amount is accounted as net gain / loss under other income / finance cost, as the case may be. Below are the details of actual amount of loan and interest receivable from subsidiaries:

Rs. in million

Particulars	Tenure of loan and interest / Repayment date	Rate of Interest p.a.	Loans		Interest accrued on loans	
			March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Emcure Nigeria Limited	March 31, 2023	6% - 8.3%	59.03	54.91	28.86	23.59
Emcure Pharmaceuticals South Africa (Pty) Ltd	March 31, 2023	3.4% - 9.5%	138.23	128.57	41.89	31.97
Emcure Pharmaceuticals Mena FZ-LLC.	60 months	8.3% - 9.5%	214.84	204.86	123.79	98.99
Emcure Brasil Farmaceutica Ltda.	March 31, 2023	5.4% - 9.22%	111.60	103.80	35.21	26.28
Emcure Pharma Mexico S.A. DE C.V.	60 months	8.3% - 9.22%	78.84	73.33	10.37	3.81
Emcure Pharma Peru S.A.C.	60 months	8.3% - 9.5%	48.57	42.01	7.44	3.19
Emcure Pharmaceuticals Pty Ltd.	60 months	8.46%	-	11.31	0.17	0.72
Total			**651.11**	**618.79**	**247.73**	**188.55**

Also refer note no. 41 (c) for the details of the collateral security (including financial guarantee) given by the Company against the loans obtained by the subsidiaries
All transactions with the related parties are priced on an arm's length basis.

Notes to the financial statements

for the year ended March 31, 2020(Continued)

Note 44 : Assets and liabilities relating to employee benefits

a) Defined contribution plans

The Company has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per local regulations. The contributions are made to provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual or any constructive obligation. The expense recognised during the year towards defined contribution plan is Rs. 147.84 million (March 31, 2019 - Rs. 136.65 million).

Contributions are made to employees family pension fund in India for employees as per local regulations. The contributions are made to provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual or any constructive obligation. The expense recognised during the period towards defined contribution plan is Rs. 89.25 million (March 31, 2019 - Rs. 80.06 million). The expense recognised for other defined contribution plans is Rs. 30.44 million (March 31, 2019 - Rs. 18.79 million).

Defined Contribution Plans: The Company has recognised the following amount in the Statement of Profit and Loss for the year

Rs. in million

Particulars	Year ended	
	March 31, 2020	March 31, 2019
Contribution to Employees Provident Fund	147.84	136.65
Contribution to Employees Family Pension Fund	89.25	80.06
Other defined contribution plan	30.44	18.79
Total	**267.53**	**235.50**

b) Post-employment obligations

Gratuity

The Company has a defined benefit gratuity plan for employees governed by the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the company makes contributions to fund managed by Life Insurance Corporation of India. Contributions are made as per the demands by LIC of India. These defined benefit plans expose the Company to actuarial risks, such as interest rate risk, etc.

c) Defined benefit plans

The amounts recognised in the balance sheet, profit or loss, other comprehensive income and the movements in the net defined benefit obligation are as follows:

Rs. in million

Particulars	Present value of obligation	Fair value of plan assets	Total
As at April 1, 2018	368.57	(296.70)	71.87
Current service cost	71.06	-	71.06
Interest expenses/(income)	25.53	(24.08)	1.45
Mortality charges and taxes	-	3.28	3.28
Total amount recognised in profit and loss	**96.59**	**(20.80)**	**75.79**
Remeasurement of:			
- Return on plan assets, excluding amounts included in interest expense/(income)	-	(1.01)	(1.01)
- Defined benefit obligations	(0.66)	-	(0.66)
Total amount recognised in other comprehensive income	**(0.66)**	**(1.01)**	**(1.67)**
Employer contribution	-	(73.85)	(73.85)
Benefit payments	(39.66)	39.66	-
As at March 31, 2019	**424.84**	**(352.70)**	**72.14**
Current service cost	75.05	-	75.05
Interest expenses/(income)	27.48	(26.43)	1.05
Mortality charges and taxes	-	3.44	3.44
Total amount recognised in profit and loss	**102.53**	**(22.99)**	**79.54**
Remeasurement of:			
- Return on plan assets, excluding amounts included in interest expense/(income)	-	(2.24)	(2.24)
- Defined benefit obligations	33.51	-	33.51
Total amount recognised in other comprehensive income	**33.51**	**(2.24)**	**31.27**
Employer contribution	-	(114.01)	(114.01)
Benefit payments	(64.07)	64.07	-
As at March 31, 2020	**496.81**	**(427.87)**	**68.94**

Note 44 : Assets and liabilities relating to employee benefits (continued)

d) The net liability disclosed above relates to funded and unfunded plans are as follows:

Rs. in million

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Present value of obligation	496.81	424.84
Fair value of plan assets	(427.87)	(352.70)
Deficit of funded plan	68.94	72.14

The Company has no legal obligation to settle the deficit in the funded plans with an immediate contribution or additional one off contributions. The Company intends to continue to contribute the defined benefit plans as per the demand from LIC of India.

Principal actuarial assumptions as at the reporting date:

Rs. in million

Particulars	As At	
	March 31, 2020	March 31, 2019
a) Discount rate	5.70%	7.00%
b) Expected rate of return on plan assets	7.00%	7.30%
c) Salary escalation rate	8.00%	8.00%

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

e) Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions , holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below.

Rs. in million

Particulars	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Discount rate	1.00%	1.00%	(19.23)	(16.09)	20.86	17.40
Salary escalation rate	1.00%	1.00%	15.55	13.06	(14.63)	(12.32)
Withdrawal rate	1.00%	1.00%	(2.42)	(1.39)	2.57	1.45

Assumptions regarding future mortality for gratuity benefit is set based on actuarial advice in accordance with published statistics and experience in the domicile country of the company.

f) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed

i) Asset volatility : The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. All assets are maintained with fund managed by LIC of India.

ii) Changes in bond yields: A decrease in bond yields will increase plan liabilities.

iii) Future salary escalation and inflation risk : Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence company is encouraged to adopt asset-liability management.

The Company's assets are maintained in a trust fund managed by public sector insurance company via, LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

g) Defined benefit liability and employer contributions

The Company has agreed that it will aim to eliminate the deficit in gratuity plan over the years. Funding levels are assessed by LIC on annual basis and the Company makes contribution as per the instructions received from LIC. The Company compares the expected contribution to the plan as provided by actuary with the instruction from LIC and assesses whether any additional contribution may be required. The Company considers the future expected contribution will not be significantly increased as compared to actual contribution.

Expected contributions to post-employment benefit plans for the year ending March 31, 2020 is Rs. 68.90 million. (March 31, 2019 - Rs. 72.10 million)

The weighted average duration of the defined benefit obligation is 4.23 years (March 31, 2019 - 4.76 years). The following benefits payments are expected to be paid:

Rs. in million

Particulars	Less than 1 year	between 1-2 years	between 2-5 years	over 5 years	Total
March 31, 2020					
Defined benefit obligation - gratuity	115.57	90.36	255.76	313.96	775.65
March 31, 2019					
Defined benefit obligation - gratuity	90.27	90.28	233.03	303.46	717.04

h) Major plan assets

Rs. in million

Particulars	March 31, 2020	March 31, 2019
	Unquoted	Unquoted
Investment funds		
- Insurance Funds (LIC Pension and Group Schemes fund)	427.87	352.70
Total	**427.87**	**352.70**

The category wise details of the plan assets is not available as it's maintained by LIC.

Note 45 : Employees stock option plan
As at 31 March 2020, the Company has the following share-based payment arrangement:

i. Share option plans (equity settled)
Emcure ESOS 2013" : The Board vide its resolution dated October 10,2013, March 14, 2016, July 07, 2017, Nov 01, 2018, Dec 01, 2018, Feb 01, 2019, Jun 06, 2019, Nov 08, 2019, Feb 04,2020 granted 710,000, 145,000, 100,000, 840,000, 240,000, 230,000, 625,000, 455,000 & 70,000 Employee Stock Options respectively to the eligible employees under "Emcure ESOS 2013" in compliance with the provisions of the applicable law and rules framed thereunder. The eligible employees, including directors, are determined by the Remuneration Committee from time to time. These options will vest over period of 3 to 5 years from the grant date and are subject to the condition of continued service of the employees.

Once vested the option can be exercised within 5 years from date of Initial Public Offer (IPO). The exercise price of the options is equal to fair market value of the shares as determined by an independent valuer as at grant dates. If IPO does not take place or shares are not listed within 2 years from the date of grant, Remuneration committee at its sole discretion, subject to prior approval of the Company's shareholders' can settle the vested options in cash or allow exercise of option before listing at a price arrived at by an independent valuer. However no options have been settled in cash or allowed to be exercised during the year ended March 31, 2020.

Options granted under this scheme carry no dividend or voting rights. When exercised, one option is convertible into one equity share.

Set out below is a summary of the options granted under the plan:

Particulars	Tranche - 1			Tranche - 2			Tranche - 3		
	Exercise Price	March 31, 2020	March 31, 2019	Exercise Price	March 31, 2020	March 31, 2019	Exercise Price	March 31, 2020	March 31, 2019
Date of grant	**October 01, 2013**			**March 14, 2016**			**July 7, 2017**		
Opening balance	221.25*	14,00,000	16,00,000	508.75*	1,20,000	5,80,000	300	1,00,000	1,00,000
Grant during the year	-	-	-	-	-	-	300	-	-
Cancelled during the year	221.25*	(1,90,000)	(2,00,000)	508.75*	(60,000)	(4,60,000)	-	(1,00,000)	-
Exercised during the year	-	-	-	-	-	-	-	-	-
Closing balance	**221.25***	**12,10,000**	**14,00,000**	**508.75***	**60,000**	**1,20,000**	**300**	**-**	**1,00,000**
Exercisable		-	-		-	-		-	-

Particulars	Tranche - 4			Tranche - 5			Tranche - 6		
	Exercise Price	March 31, 2020	March 31, 2019	Exercise Price	March 31, 2020	March 31, 2019	Exercise Price	March 31, 2020	March 31, 2019
Date of grant	**November 01, 2018**			**December 01, 2018**			**February 01, 2019**		
Opening balance	-	8,40,000	-	-	2,40,000	-	-	2,30,000	-
Grant during the year	522.00	-	8,40,000	522.00	-	2,40,000	522.00	-	2,30,000
Cancelled during the year	-	-	-	-	-	-	-	(90,000)	-
Exercised during the year	-	-	-	-	-	-	-	-	-
Closing balance	**522.00**	**8,40,000**	**8,40,000**	**522.00**	**2,40,000**	**2,40,000**	**522.00**	**1,40,000**	**2,30,000**
Exercisable		-	-		-	-		-	-

Notes to the financial statements
for the year ended March 31, 2020(Continued)

Particulars	Tranche - 7			Tranche - 8			Tranche - 9		
	Exercise Price	March 31, 2020	March 31, 2019	Exercise Price	March 31, 2020	March 31, 2019	Exercise Price	March 31, 2020	March 31, 2019
Date of grant	**June 06, 2019**			**November 08, 2019**			**February 04, 2020**		
Opening balance	-	-	-	-	-	-	-	-	-
Grant during the year	522.00	6,25,000	-	580.00	4,55,000	-	580.00	70,000	-
Cancelled during the year	-	-	-	-	-	-	-	-	-
Exercised during the year	-	-	-	-	-	-	-	-	-
Closing balance	**522.00**	**6,25,000**	**-**	**580.00**	**4,55,000**	**-**	**580.00**	**70,000**	**-**
Exercisable		-	-		-	-		-	-

*During the year ended March 31, 2016, the company had issued bonus shares to its shareholders in the ratio of 3:1. Correspondingly, proportionate adjustment has been made by increasing the number of options granted and reducing exercise price per option. Board of directors vide resolution dated January 29, 2016 have approved the adjustments to options granted.

No options have expired or exercised during the periods covered in the above table.

Share options outstanding at the end of the year have the following exercise prices:

Rs. in million

Grant Date	Exercise Share option price (Rs.) March 31, 2020	Number of share options March 31, 2020	Exercise Share option price (Rs.) March 31, 2019	Number of share options March 31, 2019
October 1, 2013	221.25	12,10,000	221.25	14,00,000
March 14, 2016	508.75	60,000	508.75	1,20,000
July 07, 2017	300.00	-	300.00	1,00,000
November 01, 2018	522.00	8,40,000	522.00	8,40,000
December 01, 2018	522.00	2,40,000	522.00	2,40,000
February 01, 2019	522.00	1,40,000	522.00	2,30,000
June 06, 2019	522.00	6,25,000	-	-
November 08, 2019	580.00	4,55,000	-	-
February 04, 2020	580.00	70,000	-	-
Total	430.17	36,40,000	370.18	29,30,000
Weighted average remaining contractual life of options	7.09 Years		7.09 Years	

Fair value of equity settled share based payment arrangements:

1,1,50,000 employee stock options were granted during the year ended March 31, 2020. The fair value as at grant date is determined using the Black Scholes Merton Model which takes into account the exercise price, term of option, share price at grant date, expected price volatility of underlying share, expected dividend yield and risk free interest rate for the term of option.

The model inputs for options granted during the year ended March 31, 2020 included:

Rs. in million

Sr.	Particulars	Tranche 7	Tranche 8	Tranche 9
a.	Options granted	6,25,000	4,55,000	70,000
b.	Exercise Price Rs.	522.00	580.00	580.0
c.	Share Price at grant date	522.00	580.00	580.0
d.	Date of grant	06-Jun-19	08-Nov-19	04-Feb-20
e.	Expected price volatility range of the company`s shares	29.8% - 29.9%	29.7% - 30.3%	29.80%
f.	Expected dividend yield	1.00%	1.00%	1.00%
g.	Risk free interest rate	6.84%	6.18%	6.31%
h.	Expected life range of options	2.88 - 3.53	2.60 - 3.36	3.26

Volatility is a measure of the movement in the prices of the underlying assets. Since the Company is an unlisted Company, volatility of similar listed entities has been considered. Expected volatility has been based on an evaluation of the historical volatility of the similar listed entities (peers) share price, particularly over the historical period commensurate with the expected term. The expected term of the instrument has been based on historical experience and general option holder behaviour.

Notes to the financial statements

for the year ended March 31, 2020(Continued)

Expenses recognised in statement of profit and loss:

in Million

Particulars	March 31, 2020	March 31, 2019
Employee share-based payment	27.48	13.77

Note 46 : Revenue from contract with customer

Rs. in million

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Revenue recognised from contracts with customers	23,757.09	24,537.03
Disaggregation of revenue		
Based on markets		
Within India	13,338.14	12,003.64
Outside India -		
a. Europe	1,956.91	3,065.67
b. North America	3,363.76	4,733.99
c. Other continents	5,098.28	4,733.73
Total	**23,757.09**	**24,537.03**
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	45.78	98.65
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods *	-	2,656.97

* The same has been recognised in Reserves and Surplus as per the transition option.

The Company satisfies its performance obligations pertaining to the sale of goods at point in time when the control of goods is actually transferred to the customers. No significant judgment is involved in evaluating when a customer obtains control of promised goods. The contract with customers are generally fixed price contract (except for contracts with subsidiaries, wherein there is variable consideration) subject to refund due to returns and do not contain any financing component. The payment is generally due within 7-180 days. The Company is obliged for returns/refunds due to expiry & saleable returns. There are no other significant obligations attached in the contract with customer.

There is no significant judgement involved in ascertaining the timing of satisfaction of performance obligation and in evaluating when a customer obtains control of promised goods. Transaction price ascertained for the performance obligation of the Company is agreed in the contract with the customer. Further, the variable consideration is an estimate amount arrived by using expected value method.

Reconciliation of contract price with revenue recognised in statement of profit and loss:

Rs. in million

Particulars	March 31, 2020	March 31, 2019
Contract price	24,636.83	25,374.50
Less:		
Sales return and breakage expiry	(808.79)	(837.47)
Allowance for interest loss	(70.95)	-
Revenue recognised in statement of profit and loss	23,757.09	24,537.03

Notes to the financial statements

for the year ended March 31, 2020(Continued)

Note 47 : Leases - 116

Transition to Ind AS 116

The Company adopted Ind AS 116 on 01 April 2019, using the modified retrospective transition method and used the effective date as the date of initial application. Consequently, financial information is not updated and the disclosures required under Ind AS 116 are not provided for dates and periods before 01 April 2019.

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by lease basis. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at an amount equivalent to the lease liability at the transition date. Accordingly, a right-of-use asset of Rs. 589.43 million and a corresponding lease liability of Rs.589.43 million has been recognized. The weighted average incremental borrowing rate of 9.20% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

The Company has leases that were classified as finance leases applying Ind AS 17. For such leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of Ind AS 116 is the carrying amount of the lease asset and lease liability on the transition date as measured applying Ind AS 17. Accordingly, an amount of Rs. 769.94 million has been reclassified from property, plant and equipment to right-of-use assets.

The Company is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor.

Lease contracts entered by the Company majorly pertains for Land & buildings taken on lease to conduct its business in the ordinary course. Information about leases for which the company is lesee is presented as below:

Right-Of -Use Of Asset

Rs. in million

Particulars	Land	Land & Building	Total
Intial Recognition As On 1st April,2019	4.13	585.30	589.43
Reclasssification From Property, Plant & Equipment	769.94	-	769.94
Depreciation Charge For The Year	(8.97)	(93.96)	(102.93)
Balance As On 31st March 2020	**765.10**	**491.34**	**1,256.44**

Lease Liabilities
Maturity analysis - contractual undiscounted cash flows-

Rs. in million

Particulars	March 31, 2020
Less than one year	97.53
One to five years	290.28
More than five years	510.12
Total undiscounted lease liabilities as on 31st March, 2020	**897.93**

Rs. in million

Particulars	March 31, 2020
Lease liabilities included in the balance sheet	**525.87**
Current	56.21
Non-current	469.66

Amount recognised in statement of Profit or Loss

Rs. in million

Particulars	March 31, 2020
Interest on lease liabilities	(49.00)
Depreciation on ROU	(102.93)
Expenses relating to short term leases	(2.00)
Expenses relating to leases of low value assets, excluding leases of low value assets	(1.32)
Total	(155.25)

Notes to the financial statements

for the year ended March 31, 2020(Continued)

Amounts recognised in statement of cash flow

Cash flow from financing acitivities

Repayment of Lease Liabilities (112.54)

Note 48 : Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

Rs. in million

Particulars	Note	March 31, 2020	March 31, 2019
Current			
Financial assets			
Cash and cash equivalents	11A	296.22	193.45
Bank balances other than cash and cash equivalents	11B	95.93	91.56
Trade receivables	10	11,382.93	9,101.12
Non-financial assets			
Inventories	9	4,436.62	4,956.52
Total current assets pledged as security		**16,211.70**	**14,342.65**
Non Current			
Financial assets			
Deposits with banks	7	17.92	4.19
Investments	5	2,441.71	2,066.28
Non-financial assets			
Property, plant, equipment, intangible assets and capital work-in-progress	2, 3, 4	12,865.66	14,147.81
Total non-current assets pledged as security		**15,325.29**	**16,218.28**
Total assets pledged as security		**31,536.99**	**30,560.93**

Note 49 : Optionally convertible redeemable preference shares ('OCRPS') issued by the subsidiary of the Company.

During the year the Company has redeemed the OCRPS issued by the subsidiary at par value of Rs.10 each. The Company had adopted the option of recording fair value of this financial instrument thought profit and loss account. Till previous year, the Company had recorded gain on fair value of this instrument amounting to INR 19.03 million. In the current year, the Company has redeemed these share at par, accordingly the gain recorded till previous year has been reversed and recorded as a loss in the current year. (Refer note 30).

Note 50 : Segment reporting

The measurement of each segment's revenues, expenses and assets is consistent with the accounting policies that are used in preparation of the Company's consolidated financial statements. Accordingly, segment information has been provided only in the consolidated financial statements.

Note 51 : As a lessor in an operating lease:

The Company has leased industrial premises on operating lease to it's subsidiary companies Gennova Biopharmaceuticals Ltd and Zuventus Healthcare Ltd. The future minimum lease payments under this lease as of March 31, 2020 are as follows:

Rs. in million

Particulars	Due within 12 months as at March 31,		Due between 12-60 months as at March 31,		Due beyond 60 months as at March 31,		Total amount Due as at March 31,	
	2020	2019	2020	2019	2020	2019	2020	2019
Minimum lease payments	41.17	11.64	38.35	13.24	-	-	**79.52**	24.88

Note 52 : Expenditure on research and development during the year

Revenue expenditure (excluding depreciation) incurred on Research and Development including in house Research and Development is Rs. 1,266.88 million (March 31, 2019 Rs. 1,630.22 million). Capital expenditure in relation to acquisition of property, plant and equipment and intangible assets incurred on Research and Development including in house Research and Development is Rs. 3.68 million (March 31, 2019 Rs. 17.26 million).

Notes to the financial statements
for the year ended March 31, 2020(Continued)

Note 53 : Information regarding Micro, Small and Medium Enterprises

The information regarding Micro Enterprises and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

Rs. in million

Particulars	March 31, 2020	March 31, 2019
i) The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	0.62	5.43
ii) 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 amount of the payment made to the supplier beyond the appointed day during each accounting year.	0.06	-
iii) The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprise Development Act, 2006.	0.06	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.21	0.06
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	0.21	0.06

Note 54 : Excise / GST refund received

Under Notification dated 05 October 2017 and Circular No. 1060/9/2017-CX dated 27th November, 2017 issued by the Department of Industrial Policy and Promotion (DIPP), the Company is entitled to subsidy in the form of proportionate refund of GST paid in cash (i.e. other than utilising input credit) by its unit at Jammu for a period not exceeding ten years from the date of start of commercial production at Jammu unit. The subsidy is available upto March 01, 2026 There are no unfulfilled conditions or other contingencies attached to this grant.

Note 55 : Government Grant

Government grants are related to exemption of basic customs duty on purchase of imported machineries to be used for the manufacturing of products. The Company is required to fulfil the export obligation against duty benefit received. Refer note no. 41B for the details of unfulfilled obligations. Based on past experience, management is confident that it will fulfil conditions attached to the grant received.

Note 56 : Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a corporate social responsibility (CSR) committee has been formed by the Company. The areas for CSR activities are promoting education, healthcare and ensuring environmental sustainability. Amount spent during the year on activities which are specified in Schedule VII of the Companies Act 2013 are as mentioned below :

a) Gross amount of Rs. 58.92 million (March 31, 2019 Rs. 60.12 million) required to be spent by the Company during the year.

b) Amount spent during the year on:

Rs. in million

Particulars	Paid	Yet to be paid	Total	Paid	Yet to be paid	Total
	Year ended March 31, 2020			Year ended March 31, 2019		
(i) Construction/acquisition of any asset	-	-	-	-	-	-
(ii) On purposes other than (i) above	58.08	-	58.08	61.97	-	61.97

Note 57 : Specified bank notes (SBNs)

The disclosures regarding details of specified bank notes held and transacted during November 8, 2016 to December 30 2016 has not been made in these financial statements, since the requirement does not pertain to financial year ended 31 March 2020.

Note 58 : Other Note

The COVID-19 outbreak has spread rapidly during the last quarter of the financial year. Governments across the globe, including in India, have undertaken various measures to contain the spread of virus including restrictions on travel, social distancing and other emergency measures. The Company is engaged in the business of manufacture, distribution and marketing of pharmaceutical drugs. Products supplied by the Company have been classified as essential goods during the COVID-19 pandemic. The Company initially experienced some delays in deliveries of supplies to customers due to travel restrictions and restriction on courier and transport services, but this has gradually stabilized. In view of the lockdown announced across various states in India, the Company has undertaken and strengthened various measures to ensure safety and well-being of its employees and has focused on continued delivery of medicines across the country by ensuring that the key functions of procurement, manufacturing, supply chain and sales operate smoothly.

Notes to the financial statements

for the year ended March 31, 2020(Continued)

Management has considered its liquidity position as at 31 March 2020 and over the next twelve months from the date of approval of these financial statements by performing cash flow assessments with a sensitivity analysis thereon and has concluded that the Company will have adequate liquidity in ordinary course of business. As at the year end, management has assessed the recoverability of the carrying amounts of property, plant and equipment, financials assets, inventory, trade receivables, etc. and has concluded that no further adjustments are required to be made in respect of these as at 31 March 2020. However, the actual impact of the global health pandemic may be different from that which has been estimated, as the COVID -19 situation continues to evolves in India and globally. The Company will continue to closely monitor any material changes to future economic conditions.

The notes referred to above form an integral part of the financial statements.
As per our report of even date attached.

For B S R & Co. LLP
Firm Registration: 101248W/W-100022
Chartered Accountants

Nirav Patel
Partner
Membership No. 113327

Place: Mumbai
Date : July 22, 2020
UDIN: 20113327AAAABX3363

For and on behalf of the Board of Directors
Emcure Pharmaceuticals Limited
CIN -U24231PN1981PLC024251

Shreekant Bapat
Director
DIN -00621568

Satish Mehta
Managing Director
DIN -00118691

Jayant Prakash
Company Secretary
Membership No. F6742

Namita Thapar
Whole Time Director &
Chief Financial Officer
PAN - AEDPM2995R

Place: Pune
Date : July 22, 2020

Independent Auditors' Report

To the Members of Emcure Pharmaceuticals Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Emcure Pharmaceuticals Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31st March 2020, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report*. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditors, 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 and Those Charged With Governance for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group (company and subsidiaries) cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditors' Report

- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Other Matters

(a) We did not audit the financial statements / financial information of fourteen subsidiaries whose financial statements/financial information reflect total assets of Rs. 36,536.66 million as at 31st March 2020, total revenues of Rs. 24,350.88 Million and Net Cash Outflows amounting to Rs. 923.51 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors.

These subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

(b) The financial statements/financial information of seven subsidiaries, whose financial statements/financial information reflect total assets of Rs. 2,248.06 million as at 31st March 2020, total revenues of Rs. 2602.40 million and net cash flows amounting to Rs. 27.07 million for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. These unaudited financial statements/financial information have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 31st March 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries as noted in the 'Other Matters' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations as at 31st March 2020 on the consolidated financial position of the Group. Refer Note 43 and 44 to the consolidated financial statements.

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31st March 2020.

iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31st March 2020.

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8th November 2016 to 30th December 2016 have not been made in the financial statements since they do not pertain to

Independent Auditors' Report

the financial year ended 31st March 2020.

C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us the remuneration paid during the current year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Nirav Patel
Partner
Membership No. 113327
UDIN: 20113327AAAACB6044

Place: Mumbai
Date: 27 July 2020

Annexure A to the Independent Auditors' report on the consolidated financial statements of Emcure Pharmaceuticals Limited for the period ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March 2020, we have audited the internal financial controls with reference to consolidated financial statements of Emcure Pharmaceuticals Limited (hereafter referred to as "the Holding Company") and as such companies incorporated in India under the companies Act, 2013 which are its subsidiary companies, as of that date.

In our opinion, the Holding Company and as such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31st March 2020, based on internal financial controls with reference to consolidate financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained with regards to the Holding Company and Subsidiary companies which are incorporated in India, is sufficient and appropriate to provide a basis for our audit opinion on internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

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

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Nirav Patel
Partner
Membership No. 113327
UDIN: 20113327AAAACB6044

Place: Mumbai
Date: 27 July 2020

Consolidated Balance Sheet

as at March 31, 2020

Rs. in million

Particulars	Note	March 31, 2020	March 31, 2019
Assets			
Non-current assets			
Property, plant and equipment	2	14,039.98	14,876.51
Capital work-in-progress	3	3,319.35	4,217.61
Right-of -use assets	53	2,381.41	-
Goodwill	52	3,891.90	3,760.41
Other Intangible assets	4	3,505.82	3,829.66
Intangible assets under development	5	1,530.31	1,590.94
Financial assets			
i) Investments	6	0.03	0.04
ii) Loans	7	259.05	240.61
iii) Other financial assets	8	152.56	520.83
Deferred tax assets (net)	38	2,007.61	2,040.03
Income tax assets (net)	26	1,551.60	449.24
Other non-current assets	9	370.12	387.61
Total non- current assets		**33,009.74**	**31,913.49**
Current assets			
Inventories	10	11,731.55	11,277.51
Financial assets			
i) Trade receivables	11	11,452.14	9,720.35
ii) Cash and cash equivalents	12	1,287.43	914.47
iii) Bank balances other than (ii) above	13	350.94	128.42
iv) Other financial assets	14	134.28	260.03
Other current assets	15	2,074.47	2,226.56
Total current assets		**27,030.81**	**24,527.34**
Total assets		**60,040.55**	**56,440.83**
Equity and liabilities			
Equity			
Equity share capital	16	1,808.52	1,808.52
Other equity	17	17,311.02	16,542.32
Equity attributable to owners of the company		**19,119.54**	**18,350.84**
Non-controlling interest	57	724.14	652.85
Total equity		**19,843.68**	**19,003.69**
Liabilities			
Non-current liabilities			
Financial liabilities			
i) Borrowings	18	5,532.98	6,878.78
ii) Lease Liabilities	53	1,273.99	-
ii) Other financial liabilities	19	3,160.14	3,856.20
Provisions	20	584.98	561.15
Deferred tax liabilities (net)	38	440.03	673.95
Other non-current liabilities	21	6.37	40.17
Total non-current liabilities		**10,998.49**	**12,010.25**
Current liabilities			
Financial liabilities			
i) Borrowings	22	12,711.74	10,868.40
ii) Lease Liabilities	53	297.23	-
ii) Trade payables	23		
Total outstanding dues of micro and small enterprises		0.62	6.58
Total outstanding dues to others		7,406.01	6,846.43
iii) Other financial liabilities	24	6,404.41	5,929.37
Provisions	25	1,389.93	1,124.02
Current tax liabilities (net)	26	543.30	177.68
Other current liabilities	27	445.14	474.41
Total current liabilities		**29,198.38**	**25,426.89**
Total liabilities		**40,196.87**	**37,437.14**
Total equity and liabilities		**60,040.55**	**56,440.83**

The notes referred to above form an integral part of the consolidated financials statements.
As per our report of even date attached.

For **B S R & Co. LLP**

Firm Registration: 101248W/W-100022
Chartered Accountants

Nirav Patel
Partner
Membership No. 113327

Place: Mumbai
Date : July 27, 2020
UDIN: 20113327AAAACB6044

For and on behalf of the Board of Directors
Emcure Pharmaceuticals Limited
CIN -U24231PN1981PLC024251

Shreekant Bapat
Director
DIN -00621568

Satish Mehta
Managing Director
DIN -00118691

Jayant Prakash
Company Secretary
Membership No. F6742

Namita Thapar
Whole Time Director &
Chief Financial Officer
PAN - AEDPM2995R

Place: Pune
Date : July 22, 2020

Consolidated Statement of Profit & Loss

for the year ended March 31, 2020

Rs. in million

Particulars	Note	March 31, 2020	March 31, 2019
Revenue:			
Revenue from operations	**28**	50,485.54	47,171.83
Other income	**29**	823.06	951.35
Total income		**51,308.60**	**48,123.18**
Expenses:			
Cost of materials consumed	**30**	9,002.22	7,812.08
Purchases of stock-in-trade		11,273.59	11,096.54
Changes in inventories of finished goods, work-in-progress and stock-in-trade	**31**	19.10	(1,321.78)
Employee benefit expenses	**32**	11,056.20	10,103.30
Depreciation and amortisation expense	**34**	3,208.34	2,671.70
Finance cost	**35**	2,565.97	2,226.56
Other expenses	**33**	12,095.04	11,993.94
Total expenses		**49,220.46**	**44,582.34**
Profit before exceptional items and tax		**2,088.14**	**3,540.84**
Exceptional items	**36**	1,034.79	234.58
Profit before tax		**1,053.35**	**3,306.26**
Tax expenses			
Current tax	**37**	316.55	2,125.58
Deferred tax	**37**	(269.30)	(911.23)
Profit for the year		**1,006.10**	**2,091.91**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligations	**49**	(70.37)	(14.01)
Tax on post-employment benefit obligations	**37**	24.28	4.88
Items that will be reclassified subsequently to profit or loss			
Exchange differences in translating financials statement of foreign operations	**17**	384.48	357.83
Income tax relating to these items	**37**	-	(10.41)
Total comprehensive income for the year		**1,344.49**	**2,430.20**
Profit attributable to:			
Owners of the company		836.07	1,950.81
Non-controlling interests (refer note under statement of changes in equity)	**57**	170.03	141.10
Other comprehensive income attributable to:			
Owners of the company		343.32	340.37
Non-controlling interests	**57**	(4.93)	(2.08)
Total comprehensive income attributable to:			
Owners of the company		1,179.39	2,291.18
Non-controlling interests	**57**	165.10	139.02
Earnings per share:			
Basic	**46**	4.62	10.79
Diluted		4.62	10.79
[Face value per share: Rs.10 (Previous year: Rs.10)]			

The notes referred to above form an integral part of the consolidated financials statements.
As per our report of even date attached.

For **B S R & Co. LLP**

Firm Registration: 101248W/W-100022
Chartered Accountants

Nirav Patel
Partner
Membership No. 113327

Place: Mumbai
Date : July 27, 2020
UDIN: 20113327AAAACB6044

For and on behalf of the Board of Directors
Emcure Pharmaceuticals Limited
CIN -U24231PN1981PLC024251

Shreekant Bapat
Director
DIN -00621568

Satish Mehta
Managing Director
DIN -00118691

Jayant Prakash
Company Secretary
Membership No. F6742

Namita Thapar
Whole Time Director &
Chief Financial Officer
PAN - AEDPM2995R

Place: Pune
Date : July 22, 2020

Consolidated Statement of Changes in Equity

for the year ended March 31, 2020

Equity share capital	Note	Rs. in million
As at April 1, 2018		**1,808.52**
Changes in equity share capital	16	-
As at March 31, 2019		**1,808.52**
Changes in equity share capital	16	-
As at March 31, 2020		**1,808.52**

Rs. in million

Other equity	Note	Other equity attributable to the owners of the company							Non controlling interest	Total
		Capital reserve	Securities premium	Share options outstanding account	General reserve	Retained earning	Foreign currency translation reserve	Total		
As at April 1, 2018		**12.92**	**840.37**	**162.63**	**1,668.19**	**12,477.05**	**40.20**	**15,201.36**	**536.05**	**15,737.41**
Total comprehensive income for the year ended 31 March 2019										
Profit for the year		-	-	-	-	1,950.81	-	1,950.81	141.10	2,091.91
Items of other comprehensive income recognised directly in retained earnings attributable to the owners	17	-	-	-	-	(7.05)		(7.05)	(2.08)	(9.13)
Exchange differences in translating financials statement of foreign operations	17	-	-	-	-	-	347.42	347.42	-	347.42
		-	-	-	-	1,943.76	347.42	2,291.18	139.02	2,430.20
Transactions with owners, recorded directly in equity										
Interim dividend on equity Shares	17	-	-	-	-	(452.13)	-	(452.13)	-	(452.13)
Dividend distribution tax on above	17	-	-	-	-	(92.94)	-	(92.94)	-	(92.94)
Final dividend on equity shares	17	-	-	-	-	(361.70)	-	(361.70)	(18.43)	(380.13)
Dividend distribution tax on above	17	-	-	-	-	(74.35)	-	(74.35)	(3.79)	(78.14)
		-	-	-	-	(981.12)	-	(981.12)	(22.22)	(1,003.34)

Consolidated Statement of Changes in Equity

for the year ended March 31, 2020

Other equity	Note	Other equity attributable to the owners of the company							Non controlling interest	Total
		Capital reserve	Securities premium	Share options outstand-ing account	General reserve	Retained earning	Foreign currency translation reserve	Total		
Others										
Transferred to retained earning	17	-	-	-	-	-	-	-	-	-
Transferred to statement of profit and loss (net of tax)	17	-	-	-	-	-	-	-	-	-
Employee share based expense	50	-	-	52.87	-	-	-	52.87	-	52.87
Options forfeited	17	-	-	(62.89)	62.89	-	-	-	-	-
Income tax on above	17			-	(21.97)			(21.97)		(21.97)
		-	-	(10.02)	40.92	-	-	30.90	-	30.90
Changes in ownership interests in subsidiary										
Loss of control	57	-	-	-	-	-	-	-	-	-
As at March 31, 2019		**12.92**	**840.37**	**152.61**	**1,709.11**	**13,439.69**	**387.62**	**16,542.32**	**652.85**	**17,195.17**
Total comprehensive income for the year ended 31 March 2020										
Profit for the year		-	-	-	-	836.07	-	836.07	170.03	1,006.10
Items of other com-prehensive income recognised directly in retained earnings attributable to the owners	17	-	-	-	-	(41.16)	-	(41.16)	(4.93)	(46.09)
Exchange differences in translating finan-cials statement of foreign operations	17	-	-	-	-	-	384.48	384.48	-	384.48
		-	-	-	-	794.91	384.48	1,179.39	165.10	1,344.49
Transactions with owners, recorded directly in equity										
Interim dividend on equity Shares	17	-	-	-	-	(287.24)	-	(287.24)	(40.95)	(328.19)
Dividend distribution tax on above	17	-	-	-	-	(55.76)		(55.76)	(8.42)	(64.18)
Final dividend on equity shares	17	-	-	-	-	(164.89)		(164.89)	(36.86)	(201.75)
Dividend distribution tax on above	17	-	-	-	-	(37.17)	-	(37.17)	(7.58)	(44.75)
		-	-	-	-	(545.06)	-	(545.06)	(93.81)	(638.87)

Consolidated Statement of Changes in Equity

for the year ended March 31, 2020

Other equity	Note	Other equity attributable to the owners of the company							Non controlling interest	Total
		Capital reserve	Securities premium	Share options outstand-ing account	General reserve	Retained earning	Foreign currency translation reserve	Total		
Others										
Employee share based expense	50	-	-	144.19	-	-	-	144.19	-	144.19
Options forfeited	17	-	-	(28.10)	28.10	-	-	-	-	-
Income tax on above	17	-	-	-	(9.82)	-	-	(9.82)	-	(9.82)
		-	-	116.09	18.28	-	-	134.37	-	134.37
As at March 31, 2020		**12.92**	**840.37**	**268.70**	**1,727.39**	**13,689.54**	**772.10**	**17,311.02**	**724.14**	**18,035.16**

Note :

1. The notes referred to above form an integral part of the consolidated financials statements.
2. For description of nature and purpose of Reserves refer note 17.

As per our report of even date attached.

For **B S R & Co. LLP**

Firm Registration: 101248W/W-100022
Chartered Accountants

Nirav Patel
Partner
Membership No. 113327

Place: Mumbai
Date : July 27, 2020
UDIN: 20113327AAAACB6044

For and on behalf of the Board of Directors
Emcure Pharmaceuticals Limited
CIN -U24231PN1981PLC024251

Shreekant Bapat
Director
DIN -00621568

Satish Mehta
Managing Director
DIN -00118691

Jayant Prakash
Company Secretary
Membership No. F6742

Namita Thapar
Whole Time Director &
Chief Financial Officer
PAN - AEDPM2995R

Place: Pune
Date : July 22, 2020

Consolidated Cash Flow Statement

for the year ended March 31, 2020

Rs. in million

Particulars	March 31, 2020	March 31, 2019
Cash flows from operating activities:		
Profit before tax	**1,053.35**	**3,306.26**
Adjustment for:		
Depreciation and amortisation	3,208.34	2,671.70
Unrealised exchange loss / (gain) including loss/(gain) on translation of foreign operations	138.21	319.29
Finance costs	2,565.97	2,226.56
Employee share-based payment expense	144.19	52.87
Interest income from banks and others	(21.86)	(25.22)
Income arising from government grant	(5.26)	(19.23)
Loss on sale of property, plant and equipments	41.57	(24.36)
Impairment of Goodwill	39.83	9.30
Stock appreciation rights liability written back	-	(1,238.52)
	7,164.34	**7,278.65**
Working capital adjustments:		
- (Increase)/decrease in inventories	(454.05)	(1,996.48)
- Increase in trade receivables	(1,731.79)	(1,018.92)
- (Increase)/decrease in other financial assets	437.65	(94.66)
- Decrease/(increase) in other assets	169.90	146.42
- Increase in trade payables	553.62	635.22
- Increase in other financial liabilities	(392.54)	548.00
- Decrease in other liabilities	(41.97)	(61.06)
- Increase in provisions	219.37	349.84
	(1239.81)	**(1,491.64)**
Cash generated from operating activities	**5924.53**	**5,787.01**
Income tax paid (net of refunds)	(921.51)	(1,344.63)
Net cash generated from operating activities (A)	**5,003.02**	**4,442.38**
Cash flows from investing activities		
Acquisition of property, plant and equipment, intangible assets, capital work-in-progress and intangible assets under development	(1,546.52)	(4,169.92)
Proceeds from sale of property, plant and equipment	166.14	114.95
Purchase consideration paid on acquisition of subsidiary, net of cash acquired	-	(40.29)
Interest received from banks and others	13.22	24.93
Deposits placed (net of amounts matured)	(270.45)	(15.96)
Net cash used in investing activities (B)	**(1,637.61)**	**(4,086.29)**
Cash flows from financing activities		
Repayment of long-term borrowings (refer note 1 and 2 below)	(3,651.60)	(7,157.74)
Proceeds from long-term borrowings (refer note 1 below)	1,952.49	4,888.29
Proceeds from short-term borrowing (net)	1,772.20	(2,083.17)
Interest paid (refer note 3)	(2,023.81)	(1,994.84)
Repayment of lease liabilities	(415.54)	-
Interim dividend paid (and related dividend distribution tax)	(343.00)	(545.07)
Final dividend paid (and related dividend distribution tax)	(202.06)	(436.05)
Dividend paid to non controlling interest (and related dividend distribution tax)	(93.80)	(22.22)
Net cash used in financing activities (C)	**(3,005.12)**	**(7,350.80)**
Net decrease in cash and cash equivalents (A+B+C)	360.29	(6,994.71)
Cash and cash equivalent as at 1 April (refer below)	(6,409.64)	586.49
Effect of exchange rate fluctuations on cash and cash equivalent	(41.74)	(1.42)
Cash and cash equivalent as at March 31	**(6,091.08)**	**(6,409.64)**
Breakup of cash and cash equivalent as at March 31		
Cash on hand	3.49	1.15
Balances with bank in current accounts	1,189.30	907.77
Demand deposits (with original maturity of less than 3 months)	94.64	5.55
Bank overdrafts used for cash management purpose	(7,378.51)	(7,324.11)
Total cash and cash equivalent*	**(6,091.08)**	**(6,409.64)**

* Cash and cash equivalent includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Rs. in million

Consolidated Cash Flow Statement

for the year ended March 31, 2020

Changes in liabilities arising from financing activities	March 31, 2020	March 31, 2019
Long term borrowings:		
Opening balance	10,607.04	12,256.04
Amount borrowed during the year	1,952.49	4,888.29
Amount repaid during the year	(3,651.60)	(7,157.74)
Others (includes foreign exchange differences on translation of subsidiaries, transaction cost, etc.)	199.25	620.45
Closing balance	**9,107.18**	**10,607.04**
Finance cost:		
Opening balance	44.70	59.58
Finance cost incurred during the year	2,565.97	2,226.56
Amount paid during the year	(2,023.81)	(1,994.84)
Finance cost on account of unwinding of discount on note payable and preference shares	(293.57)	(268.39)
Interest accrued on lease liability	(122.12)	-
Others (includes foreign exchange differences on translation of subsidiaries, transaction cost, etc.)	(57.80)	21.79
Closing balance	**113.37**	**44.70**

Notes to the cash flow statement:

1. Amount includes swap of loan with other banks amounting to Rs NIL million (March 31, 2019 Rs. 1,754.55 million).
2. This includes prepayment of term loan & vehicle loan amounting to Rs. 405.95 million (March 31, 2019: Rs. 774.07 million).
3. Includes interest expense of Rs. 18.23 million (March 31, 2019 Rs. 25.32 million) which have been capitalised in accordance with Ind AS 23, Borrowing Costs.

The notes referred to above form an integral part of the consolidated financials statements.

As per our report of even date attached.

For **B S R & Co. LLP**

Firm Registration: 101248W/W-100022
Chartered Accountants

Nirav Patel
Partner
Membership No. 113327

Place: Mumbai
Date : July 27, 2020
UDIN: 20113327AAAACB6044

For and on behalf of the Board of Directors
Emcure Pharmaceuticals Limited
CIN -U24231PN1981PLC024251

Shreekant Bapat
Director
DIN -00621568

Satish Mehta
Managing Director
DIN -00118691

Jayant Prakash
Company Secretary
Membership No. F6742

Namita Thapar
Whole Time Director &
Chief Financial Officer
PAN - AEDPM2995R

Place: Pune
Date : July 22, 2020

Notes to the Consolidated Financial Statement
for the year ended March 31, 2020

1A. General information:

Emcure Pharmaceuticals Limited, the parent company ("the Holding company") is a public limited company incorporated and domiciled in India. The Holding company is engaged in developing, manufacturing and marketing a broad range of pharmaceutical products globally. The Holding company's core strength lies in developing and manufacturing differentiated pharmaceutical products in-house, which are commercialised through its marketing infrastructure across geographies and business relationships with multi-national pharmaceutical companies.

The consolidated financial statements comprise the financial statements of the Holding Company and the following subsidiaries/ step down subsidiaries (together referred to as "Group").

Name of subsidiaries	Percentage of Holding (%)	Country of incorporation
Direct subsidiaries		
Gennova Biopharmaceuticals Limited	87.95%	India
Zuventus Healthcare Limited	79.58%	India
Emcure Nigeria Limited	100%	Nigeria
Emcure Pharmaceuticals Mena FZ LLC.	100%	UAE
Emcure Pharmaceuticals South Africa (Pty) Limited	100%	South Africa
Emcure Brasil Farmaceutica Ltda	100%	Brazil
Heritage Pharma Holdings Inc. (doing business as Avet Pharmaceuticals Holdings Inc.)	100%	USA
Emcure Pharma UK Ltd	100%	United Kingdom
Emcure Pharma Peru S.A.C.	100%	Peru
Emcure Pharma Mexico S.A. DE C.V.	100%	Mexico
Emcure Pharmaceuticals Pty Ltd	100%	Australia
Marcan Pharmaceuticals Inc.	100%	Canada
Step down subsidiaries *		
Heritage Pharma Labs Inc.(doing business as Avet Pharmaceuticals Labs Inc)	100%	USA
Heritage Pharmaceuticals Inc.(doing business as Avet Pharmaceuticals Inc.)	100%	USA
Tillomed Laboratories Ltd	100%	United Kingdom
Tillomed Holdings Limited **	100%	United Kingdom
Tillomed Pharma GmbH	100%	Germany
Laboratories Tillomed Spain S.L.U.	100%	Spain
Tillomed Italia S.R.L.	100%	Italy
Emcure NZ Limited	100%	New Zealand
Tillomed France SAS	100%	France
Hacco Pharma Inc.	100%	USA
Tillomed Laboratories BV ***	100%	Netherlands

* Effective holding % of the Company through its subsidiaries.
** Tillomed Holdings Ltd UK has been dissolved on April 16, 2019.
*** The Group has invested in Tillomed Laboratories BV ., A direct subsidiary of Emcure UK., on April 24,2019

1B. Basis of preparation

a) Basis of preparation

i. Statement of compliance

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The consolidated financial statements were authorised for issue by the Holding company's Board of Directors on July 22, 2020.

Details of the Group's accounting policies are included in Note 1C.

b) Functional and presentation currency

The consolidated financial statements are presented in Indian Rupees (Rs.), which is also the Holding company's functional currency. All the amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest million, unless otherwise indicated.

c) Basis of Measurement

The consolidated financial statements are prepared under the historical cost convention except for the following items:

Notes to the Consolidated Financial Statement
for the year ended March 31, 2020

Items	Measurement Basis
Certain Financial assets and liabilities	Fair value
Liabilities for equity settled share based payment arrangements	Fair value
Contingent consideration in business combination	Fair value
Net defined benefit (asset) / liability	Fair value of plan assets less present value of defined benefit obligations

d) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumptions and estimations uncertainties that have a significant risk resulting in a material adjustment in the year ending 31 March 2020 is included in following notes:

Note 1C. d) Useful lives of property, plant, equipment and intangibles;

Note 1C. d) Useful lives of intangible assets;

Note 1C. a) Valuation of assets acquired as a part of business combination and contingent consideration;

Note 25(i) - recognition and measurement of provisions and contingencies : key assumptions about the likelihood and magnitude of an outflow of resources;

Note 6. Impairment of investments in subsidiaries

Note 10. Valuation of inventories

Note 38 - recognition of deferred tax assets: availability of future taxable profit against which tax credit can be used;

Note 1C (i) - Sales return, rebates and chargebacks;

Note 49 - measurement of defined benefit obligations: key actuarial assumptions.

Note 53 - measurement of discount rate for initial recognition of ROU and Lease Liability as per IND AS 116

e) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Head of Treasury.

The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.
Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 42 – fair value measurement;
- Note 50 – employee stock options plan.

f) Current versus non current classification:

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the Group's normal operating cycle;
- it is held for the purpose of being traded;
- it is expected to be realized within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current assets / non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Group's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be settled within 12 months after the reporting date; or
- the Group does not have any unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current liabilities include the current portion of non-current liabilities / non-current financial liabilities. All other liabilities are classified as non-current.

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

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalent. The operating cycle of the Group is less than 12 months.

1C. Significant accounting policies

a) Basis of consolidation

The Group consolidates all entities which it controls. Control is established when the Group has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has ability to affect the entity's returns by using its power over the entity.

Subsidiaries are consolidated from the date control commences and until the date control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

i. Business combinations

Business Combinations are accounted for using the acquisition method of accounting. Transaction costs incurred in connection with business combination are expensed out in statement of profit and loss. The identifiable assets and liabilities that meet the condition for recognition is recognized at their fair values at the acquisition date.

In case of bargain purchase where the fair value of identifiable assets and liabilities exceed the cost of acquisition, the excess is recognised in other comprehensive income on the acquisition date and accumulate the same in equity as capital reserve after reassessing the fair values of the net assets and contingent liabilities.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries.

Business combinations arising from transfers of interests in entities that are under the common control are accounted for using the pooling of interests method. The assets and liabilities of the combining entities are reflected at their carrying amounts and no adjustments are made to reflect their fair values or recognise any new assets or liabilities. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in capital reserve and presented separately from other capital reserves with disclosure of its nature and purpose.

If a business combination is achieved in stages, any previously held equity interest in the acquiree is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

ii. Goodwill

Goodwill represents the excess of the consideration paid to acquire a business over underlying fair value of the identified assets acquired. Goodwill is carried at cost less accumulated impairment losses, if any. Goodwill is deemed to have an indefinite useful life and is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs) that is expected to benefit from the synergies of the combination. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

iii. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

iv. Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

v. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in profit or loss.

vi. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Foreign Currency Transaction, translation and foreign operation

Transaction in foreign currencies are translated into the respective functional currencies of the Group at the exchange rates at the dates of transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into functional currency at exchange rate when the fair value was determined. Exchange difference are recognised in statement of profit and loss, except exchange differences arising from the translation of the following items which are recognised in OCI/property, plant and equipment and intangible assets:

i. Translation of long term foreign currency monetary items pertaining to period prior to transition to Ind AS and are related to purchase of property, plant and equipment and intangible assets (refer note 2).

ii. Foreign operations

Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. Statement of profit and loss has been translated using average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in the other comprehensive income.

c) Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost; or
- Fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment- by-investment basis.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policy and objectives for the portfolio and the operation of those policies in practice.

These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial asset to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of asset;

- How the performance of portfolio is evaluated and reported to the Group's management;
- The risk that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defines as the fair value of financial asset on initial recognition. 'Interest' is defined as consideration for time value of money and for credit risk associated with the principal amount outstanding during a particular period of time and other basic leading risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- term that would adjust the contractual rate, including variable interest rate features;
- prepayment and extension features; and
- term that limits the Group's claim to cash flows for specified assets (e.g. non- recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amount of principal and interest on principal amount outstanding, which may include reasonable additional compensation for early termination of contract. Additionally, for a financial asset acquired on a significant premium or discount to its contractual par amount, a feature that permits or require prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is significant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

d) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimate costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separated items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit and loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefit associated with the expenditure will flow to Group.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight line method, and is generally recognised in the statement of profit and loss. Freehold land is not depreciated.

Depreciation is provided on pro-rata basis using the straight-line method over the estimated useful lives of the assets prescribed under Schedule II to the Companies Act 2013 except for the following:

- Furniture and fixtures at leasehold premises are depreciated over the lease period.
- Vehicles are depreciated over 5 years, as per technical evaluation.

In comparative period,assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives represents the period over which the management expects to use these assets.

Depreciation on additions (disposals) during the year is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

e) Intangible assets

- ***Intangible assets***

i. Initial recognition:

Intangible assets acquired separately are measured at cost of acquisition. Intangible assets acquired under business combination are measured at fair value as of the date of business combination. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any.

ii. ***Subsequent expenditure***

Subsequent expenditure is capitalised only if it is probable that the future economic benefit associated with the expenditure will flow to Group.

iii. ***Amortisation***

Intangible assets are amortized over their respective estimated useful life using straight-line method. The estimated useful life of amortizable intangibles is reviewed at the end of each reporting period and change in estimates if any are accounted for on a prospective basis.

The estimated useful lives are as follows:

Intangible Asset	Management estimated useful life
Product Development, Abbreviated New Drug Applications (ANDAs)	5 to 10 years
Customer relationships	5 years
Brands acquired	5 to 10 years
Software, License rights	2 to 10 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

\- ***Intangible Assets under Development***

Intangible assets under development are initially recognized at cost. Such intangible assets are subsequently capitalized only if it is probable that the future economic benefit associated with the expenditure will flow to the Group.

The Group irrespective of whether there is any indication of impairment, test an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. The recoverable amount is the higher of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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. An impairment loss is recognised if the carrying amount of the intangible asset not yet available for use exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on weighted average formula, and includes expenditure incurred in acquiring the inventories, production or conversion cost and other cost incurred in bringing them to their present location and condition. In case of manufactured inventory and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

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

The net realisable value of work-in- progress is determined with reference to the selling price of related finished products.

Raw materials, components and other supplies held for use in production of finished products are not written down below cost except in cases where material price have declined and it is estimated that the cost of finished products will exceed their net realizable value.

The comparison of cost and net realizable value is made on an item-by-item basis.

The Group considers various factors like shelf life, ageing of inventory, product discontinuation, price changes and any other factor which impact the Group's business in determining the allowance for obsolete, non-saleable and slow moving inventories. The Group considers the above factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

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g) Impairment

i. ***Impairment of financial instruments***

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit - impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on estimated future cash flows of financial assets have occurred.

Evidence that a financial asset is credit impaired includes the following observed data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being overdue for a period of more than 12 months from the credit term offered to the customer;
- the restructuring of loan or advance by the Company on the terms that the Company would not consider otherwise;
- it is probable that borrower will enter bankruptcy or the financial reorganization;
- the disappearance of active market for a security because of financial difficulties.

In accordance with Ind-AS 109, the Group applies expected credit loss ("ECL") model for measurement and recognition of impairment loss. The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets the Group recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date, the credit risk has not increased significantly since its original recognition. However, if credit risk has increased significantly, lifetime ECL is used.

ECL impairment loss allowance (or reversal) recognized in the statement of profit and loss.

When determining whether the credit risk of financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost of effort. This includes both quantitate and qualitative information and analysis based on Group's historical experience and informed credit assessment and including forward - looking information.

The Group considers financial asset to be in default when:

a. The borrower is unlikely to pay its credit obligation to the Group in full, without recourse by the Group to action such as realising security (if any is held); or

b. The financial asset is 360 days or more past due.

Measurement of expected credit loss

Expected credit loss are probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flow that the Group expects to receive).

Presentation of allowance of expected credit losses in the balance sheet

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write – off

The Gross carrying amount of financial asset is written off (either partially of full) to the extent that there is no realistic prospect of recovery. This is generally the case when Group determines that the debtor does not have asset or source of income that could generate sufficient cash flows to repay the amount subject to write-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with Group's procedures for recovery of amounts due.

ii. Impairment of non-financial asset

The Group's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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 CGU (or the asset).

The Group's corporate assets (e.g. central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill

CGUs to which goodwill has been allocated are tested for impairment annually or more frequently when there is indication for impairment. If the recoverable amount of a CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Determination of recoverable amount of CGU requires the management to estimate the future cash flows expected to arise and a suitable discount rate in order to calculate the present value. An impairment loss recognised for goodwill is not reversed in subsequent periods.

h) Employee benefits

i. Short term employee benefits

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

ii. Share-based payment transactions

Share-based payment are provided to employees via the Group's Employees Stock Option Plan ("Emcure ESOS 2013").

The Group accounts for the share based payment transactions as equity settled.

The grant date fair value of equity settled share-based payment awards granted to employees of the Group is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

The Group also grants the options to the employees of its subsidiaries for which subsidiary does not have an obligation to settle the share based payment transaction. Total expense for such options issued to employees of subsidiary is recognised as an expense and corresponding increase in share options outstanding account.

iii. Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in statement of profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

iv. Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results is a potential asset for the Group, the recognised asset is limited to the present value of economic benefit available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of the plan are changed or when plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gain and losses on the settlement of a defined benefit plan when the settlement occurs.

v. Stock Appreciation Rights (SAR's)

Stock Appreciation Rights (SAR's) are provided to certain senior executives level employees of the Group. Payout related to these SAR's is dependent on the achievement of the defined EBITDA level by the wholly own subsidiary of the Parent. As the final payout is not based on the subsidiary's share price these SAR's are not within the scope of Ind AS 102 and hence the payment is an employee benefit expense which is accounted for under Ind AS 19 'Employee Benefits'. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

The Group's liability in respect of other long-term employee benefits (compensated absences) is the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the Projected Unit Credit method. Remeasurement gains or losses are recognised in profit or loss in the period in which they arise.

vi. Other long term employee benefit

The Group's liability in respect of other long-term employee benefits (compensated absences) is the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the Projected Unit Credit method. Remeasurement gains or losses are recognised in profit or loss in the period in which they arise.

i) Provisions (other than for employee benefits), Contingent liabilities and contingent assets

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax-rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

i. Sales returns and breakage expiry

When a customer has a right to return the product within a given period, the Group has recognised a provision for returns. The provision is measured equal to the value of the sales expected to return in the future period. Revenue is adjusted for the expected value of the returns and cost of sales are adjusted for the value of the corresponding goods to be returned.

The Group has an obligation to replace the goods which will expire. The Group has recognised a provision for the returns due to expiry. The provision is measured on the basis of historical trend of expiry against the sales occurred in the current and earlier period. Management considers the sales value for the periods which are equivalent to average general shelf life of products. Revenue is adjusted for the expected value of the returns.

ii. Contingencies

Provision in respect of loss contingencies relating to claims, litigations, assessments, fines, penalties, etc. are recognized when it is probable that a liability has been incurred, and the amount can be estimated reliably.

iii. Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefit will arise, the asset and related income are recognized in the period in which the change occurs. A contingent asset is disclosed, where an inflow of economic benefits is probable.

j) Revenue (Refer note 54)

Revenue is measured based on the consideration specified in a contract with a customer. Consideration is allocated to each performance obligation specified in the contract. The Group recognises revenue pertaining to each performance obligation when it transfers control over a product to a customer, which is adjusted for expected refunds, which are estimated based on the historical data, adjusted as necessary. The transaction price is also adjusted for the effect of time value of money if the contract includes significant financing component.

The consideration can be fixed or variable. Where the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which the Group will be entitled in exchange for transferring the promised goods or services to a customer. Variable consideration is only recognised when it is highly probable that a significant reversal will not occur.

The Group recognises refund liability where the Group receives consideration from a customer and expects to refund some or all of that consideration to the customer. The refund liability is measured at the amount of consideration received (or receivable) for which the entity does not expect to be entitled (i.e. amounts not included in the transaction price).

Rendering of services (other than sale of technology / know-how, rights, licenses and other intangibles)

Revenue from rendering of services is recognised in statement of profit and loss by reference to percentage completion method. The Company is involved in rendering services related to its products to its customers. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services.

Rendering of services - sale of technology / know-how, rights, licenses and other intangibles

Income from sale of technology / know-how, rights, licenses and other intangibles is recognised in accordance with the terms of the contract with customers when the related performance obligation is completed, or when risks and rewards of ownership are transferred, as applicable.

Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation.

k) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other operating revenue on a systematic basis.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other operating revenue on a systematic basis in the periods in which such expenses are recognised.

l) Leases

i. The Group as a lessee

The group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The group revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate in the country of domicile of the leases .The lease payments shall include fixed payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease,if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Group has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leasesfor which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

ii. The Group as a lessor

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

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

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

In the comparative period, the lease transaction was recognised as per the following accounting policy (As per Ind AS 17 - 'Leases'):

i. Assets held under leases

Leases of property, plant and equipment that transfer to the Group substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Group substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Group's Balance Sheet.

ii. Lease Payments

Payments made under operating leases are generally recognised in statement of profit and loss on straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on remaining balance of the liability.

m) Recognition of interest income or expenses

Interest income is recognised using effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of financial instrument to:

- The gross carrying amount of the financial assets; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

n) Income tax

Income tax expense comprises of current and deferred tax. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss of the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

o) Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

p) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprises cash at bank 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.

q) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of the Group are identified as Chief operating decision maker. Refer note 47 for segment information.

r) Earnings per share

The basic earnings per share is computed by dividing the net profit / (loss) after tax attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period.

Diluted earnings per share is computed by dividing the net profit / (loss) after tax attributable to the equity shareholders for the period by the weighted average number of equity and equivalent dilutive equity shares outstanding during the reporting period, except where the results would be anti-dilutive.

s) Exceptional item

In certain instances, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Group is such that its disclosure improves the understanding of the performance of the Group, such income or expenses is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the consolidated financials statements.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2020

t) Cash flow statement

Cash flow are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated. For the purpose of cash flow statement bank overdraft that are repayable on demand are considered as cash and cash equivalent as it form an integral part of the Group's cash management.

u) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million as per the requirement of Schedule III, unless otherwise stated.

v) Research and development

Revenue expenditure on research and development activities is recognized as expense in the period in which it is incurred.

Note 1D. Recent accounting pronouncements

Ministry of Corporate Affairs("MCA")notifies amendments to the existing Ind-AS or new Ind AS. There is no such amendment to the existing Ind AS or new Ind AS which are notified and applicable from April 1, 2020.

Rs. in million

Note 2 - Property, plant and equipment	Gross book value						Accumulated depreciation						Net book value
	April 1, 2019	Additions during the year	Deletion during the year	Reclassified on adoption of Ind AS 116	Exchange difference on translation of foreign operations	March 31, 2020	April 1, 2019	Charge for the year	Deletion during the year	Reclassified on adoption of Ind AS 116	Exchange difference on translation of foreign operations	March 31, 2020	March 31, 2020
Freehold land	27.45	-	-	-	-	27.45	-	-	-	-	-	-	27.45
Leasehold land	933.45	-	-	933.45	-	-	31.19	-	-	31.19	-	-	-
Leasehold improvements	1,744.83	28.65	36.27	-	110.33	1,847.54	375.46	228.93	10.08	-	32.73	627.04	1,220.50
Building	4,216.76	166.26	-	-	-	4,383.02	387.95	156.13	-	-	-	544.08	3,838.94
Plant and machinery	10,607.24	1,323.67	21.57	-	57.81	11,967.15	3,553.11	1,101.27	11.74	-	28.53	4,671.17	7,295.98
Electrical installation	677.89	103.97	0.69	-		781.17	249.51	75.42	0.15	-	-	324.78	456.39
Air handling equipment	902.03	91.70	0.53	-		993.20	267.40	83.98	0.18	-	-	351.20	642.00
Computers	478.29	72.48	0.47	-	5.61	555.91	261.92	98.06	0.44	-	3.30	362.84	193.07
Office equipment	178.63	12.29	0.24	-	2.09	192.77	95.53	28.26	0.18	-	1.63	125.24	67.53
Furniture and fixtures	358.16	30.97	0.26	-	1.86	390.73	116.97	39.01	0.12	-	1.97	157.83	232.90
Vehicles	214.43	10.81	10.46	-	0.04	214.82	123.61	34.25	8.09	-	(0.17)	149.60	65.22
Total	**20,339.16**	**1,840.80**	**70.49**	**933.45**	**177.74**	**21,353.76**	**5,462.65**	**1,845.31**	**30.98**	**31.19**	**67.99**	**7,313.78**	**14,039.98**

Notes to the Consolidated Financial Statement

for the year ended March 31, 2020

Rs. in million

Note 2 - Property, plant and equipment	Gross book value					Accumulated depreciation					Net book value
	April 1, 2018	Additions during the year	Deletion during the year	Exchange difference on translation of foreign operations	March 31, 2019	April 1, 2018	Charge for the year	Deletion during the year	Exchange difference on translation of foreign operations	March 31, 2019	March 31, 2019
Freehold land	27.45	-	-	-	27.45	-	-	-	-	-	27.45
Leasehold land	928.66	4.79	-	-	933.45	20.96	10.23	-	-	31.19	902.26
Leasehold improvements	1,554.28	85.64	-	104.91	1,744.83	131.60	236.61	-	7.25	375.46	1,369.37
Building	2,919.29	1,297.47	-	-	4,216.76	274.18	113.77	-	-	387.95	3,828.81
Plant and machinery	8,721.99	1,869.80	30.46	45.91	10,607.24	2,543.99	1,001.83	12.79	20.08	3,553.11	7,054.13
Electrical installation	495.35	182.74	0.20	-	677.89	182.94	66.66	0.09	-	249.51	428.38
Air handling equipment	762.18	144.42	4.57	-	902.03	186.90	83.32	2.82	-	267.40	634.63
Computers	339.39	134.06	1.39	6.23	478.29	166.26	92.26	0.96	4.36	261.92	216.37
Office equipment	138.11	39.02	0.36	1.86	178.63	67.75	26.98	0.22	1.02	95.53	83.10
Furniture and fixtures	250.77	105.94	0.11	1.56	358.16	83.53	32.58	0.01	0.87	116.97	241.19
Vehicles	195.78	22.04	11.26	7.87	214.43	88.41	36.82	9.32	7.70	123.61	90.82
Total	**16,333.25**	**3,885.92**	**48.35**	**168.34**	**20,339.16**	**3,746.52**	**1,701.06**	**26.21**	**41.28**	**5,462.65**	**14,876.51**

Notes:

1. Gain arising from the effect of changes in foreign exchange rates on foreign currency loans relating to acquisition of depreciable capital assets, amounting to Rs. 3.01 million (March 31, 2019 gain of Rs. 51.75 million) relating to eligible assets for the year ended March 31, 2020, have been added to the cost of such assets.
2. The effect of changes in foreign currency exchange rates on foreign currency translation on gross block of capital assets, amounting to Rs. 177.74 million (March 31, 2019- gain of Rs. 168.34 million) relating to eligible assets for the year ended March 31, 2020, have been added to the cost of such assets and on accumulated depreciation, amounting to Rs. 67.99 million (March 31, 2019 - gain of Rs. 41.28 million) relating to eligible assets for the year ended March 31, 2020, have been added to the accumulated depreciation of such assets.
3. The borrowing cost capitalised on qualifying assets amounting to Rs. 18.23 million (March 31, 2019 - Rs. 25.32 million) have been added to the cost of such assets and capital work in progress.
4. The capitalisation rate used to determine the amount of borrowing costs to be capitalised in the case of specific borrowing is in the range of 10.25% to 10.88% (March 31, 2019 - 5.66% to 10.15%) and general borrowing loan @8.30% (March 31, 2019 - 7.91%).

Refer note 55 for information on property, plant and equipment pledged as security by the group.

Rs. in million

Note 3 - Capital in work in progress	April 1, 2019	Additions during the year	Capitalised during the year	Disposal during the year	Exchange difference on translation of foreign operations	March 31, 2020
Capital in work in progress	4,217.61	758.52	1,566.16	93.69	3.07	3,319.35
Total	**4,217.61**	**758.52**	**1,566.16**	**93.69**	**3.07**	**3,319.35**

Rs. in million

Note 3 - Capital in work in progress	April 1, 2018	Additions during the Year	Capitalised during the Year	Exchange difference on translation of foreign operations	March 31, 2019
Capital in work in progress	4,935.03	2,420.33	3,150.23	12.48	4,217.61
Total	**4,935.03**	2,420.33	3,150.23	**12.48**	**4,217.61**

Notes:

1. The capital work in progress at the year end mainly consists of plant and machinery, building and other assets pertaining to various projects / plants, expansion of existing facilities, etc.
2. The effect of changes in foreign currency exchange rates on foreign currency translation on gross block capital assets, amounting to Rs 3.07 million (March 31, 2019: Rs. 12.48 million) relating to eligible assets for the year ended March 31, 2020, have been added to the cost of such assets in Capital work in progress.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2020

Rs. in million

Note 4 - Other Intangible assets	Gross book value					Accumulated amortisation					Net book value
	April 1, 2019	Additions during the Year	Deletion during the Year	Exchange difference on translation of foreign operations	March 31, 2020	April 1, 2019	Charge for the year	Disposal during the Year	Exchange difference on translation of foreign operations	March 31, 2020	March 31, 2020
Brands	1,337.09	-	98.22	2.91	1,241.78	546.50	154.69	68.78	1.09	633.50	608.28
Software	442.50	51.67	-	0.86	495.03	278.04	93.00	-	0.94	371.98	123.05
Licensing Rights	1,421.11	152.56	13.24	59.35	1,619.78	504.72	164.08	-	10.56	679.36	940.42
Product Development	25.08	-	-	0.22	25.30	6.37	1.62	-	0.22	8.21	17.09
Customer relationships	1,647.05	-	-	22.65	1,669.70	1,125.48	332.50	-	16.91	1,474.89	194.81
Product pipeline	176.31	-	-	2.42	178.73	60.22	17.80	-	0.91	78.93	99.80
Abbreviated new drug application's	1,891.03	399.16	27.43	108.10	2,370.86	589.18	230.16	27.43	56.58	848.49	1,522.37
Total	**6,940.17**	**603.39**	**138.89**	**196.51**	**7,601.18**	**3,110.51**	**993.85**	**96.21**	**87.21**	**4,095.36**	**3,505.82**

Note:

1. The effect of changes in foreign currency exchange rates on foreign currency translation on gross block capital assets, amounting to Rs. 196.51 million (March 31, 2019: Rs. 248.12 million) relating to eligible assets for the year ended March 31, 2020, have been added to the cost of such assets and on accumulated depreciation, amounting to loss of Rs. 87.21 million (March 31, 2019: Rs.71.92 million) relating to eligible assets for the year ended March 31, 2020, have been added to the accumulated depreciation of such assets.

Rs. in million

Note 4 - Other Intangible assets	Gross book value					Accumulated amortisation					Net book value
	April 1, 2018	Additions during the Year	Deletion during the Year	Exchange difference on translation of foreign operations	March 31, 2019	April 1, 2018	Charge for the year	Disposal during the Year	Exchange difference on translation of foreign operations	March 31, 2019	March 31, 2019
Brands	1,309.87	18.05	-	9.17	1,337.09	388.40	156.08	-	2.02	546.50	790.59
Software	309.08	132.72	0.04	0.74	442.50	198.89	78.61	0.02	0.56	278.04	164.46
Licensing Rights	1,357.00	42.18	41.93	63.86	1,421.11	368.33	161.86	41.93	16.46	504.72	916.39
Product Development	24.39	-	-	0.69	25.08	4.60	1.62	-	0.15	6.37	18.71
Customer relationships	1,575.66	-	-	71.39	1,647.05	761.57	332.44	-	31.47	1,125.48	521.57
Product pipeline	168.67	-	-	7.64	176.31	40.75	17.78	-	1.69	60.22	116.09
Abbreviated new drug application's	1,713.91	82.49	-	94.63	1,891.03	347.36	222.25	-	19.57	589.18	1,301.85
Total	**6,458.58**	**275.44**	**41.97**	**248.12**	**6,940.17**	**2,109.90**	**970.64**	**41.95**	**71.92**	**3,110.51**	**3,829.66**

Rs. in million

Note 5 - Intangible assets under development	April 1, 2019	Additions during the Year	Capitalised during the Year	Exchange difference on translation of foreign operations	March 31, 2020
Intangible assets under development	1,590.94	252.82	424.42	110.97	1,530.31
Total	**1,590.94**	**252.82**	**424.42**	**110.97**	**1,530.31**

Note:

1. The effect of changes in foreign currency exchange rates on foreign currency translation on Intangible under development, amount to Rs. 110.97million (March 31, 2019: Rs. 22.29 million) in relation to eligible assets for the year ended March 31, 2020.
2. Intangible assets under development at the year end mainly consist of abbreviated new drug application and other intangible assets under development.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2020

Rs. in million

Note 5 - Intangible assets under development	April 1, 2018	Additions during the Year	Capitalised during the Year	Exchange difference on translation of foreign operations	March 31, 2019
Intangible assets under development	375.25	1,303.97	110.57	22.29	1,590.94
Total	**375.25**	**1,303.97**	**110.57**	**22.29**	**1,590.94**

Rs. in million

Note 6 - Non-current investments	March 31, 2020	March 31, 2019
Investment in government securities		
Unquoted- valued at amortised cost		
National Savings Certificates	0.03	0.04
Aggregate value of unquoted Investments	**0.03**	**0.04**

Rs. in million

Note 7 Loans	March 31, 2020	March 31, 2019
Unsecured considered good (unless otherwise stated)		
Security deposits	259.05	240.61
Total	**259.05**	**240.61**

Rs. in million

Break-up of security details	March 31, 2020	March 31, 2019
Loans considered good - Secured	-	-
Loans considered good - Unsecured	259.05	240.61
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	**259.05**	**240.61**
Less: Loss allowance	-	-
Total	**259.05**	**240.61**

Rs. in million

Note 8 Other non-current financial assets	March 31, 2020	March 31, 2019
Unsecured considered good (unless otherwise stated)		
Term deposits with banks having remaining maturity period of more than 12 months (refer note below)	132.56	84.63
Insurance claim receivable	-	416.20
Deposit with Provident Fund authority	20.00	20.00
Total	**152.56**	**520.83**

Note: Held as lien for issuing bank against bank guarantees and others.

Rs. in million

Note 9 Other non-current assets	March 31, 2020	March 31, 2019
Unsecured considered good (unless otherwise stated)		
Capital advances	258.71	247.79
Prepaid expenses	2.62	0.30
Balances with government authorities	108.79	139.52
Total	**370.12**	**387.61**

Rs. in million

Note 10 Inventories	March 31, 2020	March 31, 2019
Raw materials [includes in transit Rs. 95.22 million (March 31, 2019 - Rs. 67.76 million)]	3,370.56	2,918.48
Packing materials [includes in transit Rs.15.82 million (March 31, 2019 - Rs. 22.21 million)]	531.56	565.53
Work-in-progress	692.78	1,113.26
Finished goods	1,479.48	1,429.28
Stock-in-trade [includes in transit Rs 679.48 million (March 31, 2019 - Rs. 1,321.47 million)]	5,393.05	5,041.87
Stores and spares	264.12	209.09
Total	**11,731.55**	**11,277.51**

Notes :

1. **Amounts recognised in statement of profit or loss**

   Write-down of inventories amount to Rs. 790.99 million (March 31, 2019 - Rs. 693.92 million). These are recognised as an expense during the year under cost of materials consumed and changes in value of inventories of work-in-progress, stock-in-trade and finished goods, in statement of profit and loss.

2. Refer note 55 for information on Inventories pledged as security by the group.

Rs. in million

Note 11 Trade receivables	March 31, 2020	March 31, 2019
Unsecured, considered good	11,452.14	9,720.35
Doubtful	225.51	174.99
Less: Allowance for doubtful debts	(225.51)	(174.99)
Total	**11,452.14**	**9,720.35**

Rs. in million

Break-up of security details	March 31, 2020	March 31, 2019
Trade receivables considered good - Secured	-	-
Trade receivables considered good - Unsecured	11,452.14	9,720.35
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	225.51	174.99
Total	11,677.65	9,895.34
Less: Loss allowance	(225.51)	(174.99)
Total	**11,452.14**	**9,720.35**

Refer note 55 for information on trade receivables pledged as security by the group.
The Group's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note 41.

Rs. in million

Note 12 Cash and cash equivalents	March 31, 2020	March 31, 2019
Cash on hand	3.49	1.15
Balances with bank in current accounts	1,189.30	907.77
Demand deposits (with original maturity of less than 3 months)	94.64	5.55
Total	**1,287.43**	**914.47**

Rs. in million

Note 13 Bank balances other than cash and cash equivalents	March 31, 2020	March 31, 2019
Term deposits with banks having initial maturity of more than 3 months but remaining maturity of less than 12 months (refer note below)	350.94	128.42
Total	**350.94**	**128.42**

Notes to the Consolidated Financial Statement

for the year ended March 31, 2020

Note: Out of above certain fixed deposits are held as lien by bank for performance bank guarantees, bid bonds & others.

Rs. in million

Note 14 Other current financial assets	March 31, 2020	March 31, 2019
Unsecured considered good (unless otherwise stated)		
Interest accrued on deposits with bank	12.44	3.81
Interest accrued on deposits with others	1.18	1.16
Receivable on sale of property, plant and equipment	98.22	192.71
Others	22.44	62.35
Total	**134.28**	**260.03**

Rs. in millio

Note 15 Other current assets	March 31, 2020	March 31, 2019
Unsecured considered good (unless otherwise stated)		
Advances for supply of goods and services	526.72	409.88
Balances with government authorities	1,309.44	1,642.16
Advance to employees	33.90	29.70
Prepaid expenses	174.83	133.44
Others	29.58	11.38
Total	**2,074.47**	**2,226.56**

Rs. in million

Note 16 Equity Share Capital	March 31, 2020		March 31, 2019	
	Number of shares	Value	Number of shares	Value
a. Authorised share capital				
Equity Shares of Rs. 10 each	20,00,00,000	2,000.00	20,00,00,000	2,000.00
b. Issued, subscribed and paid up capital*				
Equity Shares of Rs. 10 each	18,08,52,116	1,808.52	18,08,52,116	1,808.52

* All issued shares are fully paid up.

c. Reconciliation of the number of the shares outstanding at the beginning and at the end of the year.

Rs. in million

Particulars	March 31, 2020		March 31, 2019	
	Number of shares	Value	Number of shares	Value
Equity Shares outstanding at the beginning and at the end of the year	18,08,52,116	1,808.52	18,08,52,116	1,808.52

The Holding Company has also issued share options to its employees and employees of the subsidiaries, refer note 50.

d. Rights, preferences and restrictions attached to equity shares

The Holding Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

e. Employee stock options

Terms attached to stock options granted to employees of the Holding Company and subsidiaries are described in note 50 regarding share-based payments.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2020

f. Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

Particulars	Number of shares issued				
	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Equity shares allotted as fully paid up bonus shares in the ratio of 3:1 by utilisation of securities premium	-	-	-	-	13,56,39,087

g. Details of equity shareholders holding shares more than 5%

Rs. in million

Sr.	Particulars	March 31, 2020		March 31, 2019	
		No. of Shares held	% of Shareholding	No. of Shares held	% of Shareholding
1	Satish Mehta	7,57,49,248	41.88%	7,57,24,248	41.87%
2	BC Investments IV Limited	2,36,73,544	13.09%	2,36,73,544	13.09%
3	Sanjay Mehta	1,57,64,028	8.72%	1,57,64,028	8.72%
4	Samit Mehta	1,35,47,632	7.49%	1,35,47,632	7.49%
5	Sunil Mehta	1,10,85,012	6.13%	1,10,85,012	6.13%
6	Bhavana Mehta	93,88,288	5.19%	93,88,288	5.19%
	Total	**14,92,07,752**	**82.50%**	**14,91,82,752**	**82.49%**

h. hares reserved for issue under options:

Rs. in million

Particulars	March 31, 2020		March 31, 2019	
	Number of shares	Value	Number of shares	Value
a. Under ESOS, 2013; 2.84 million equity share with face value of Rs. 10 each, at an exercise price of Rs. 221.25 per share (refer note 50)	12,10,000	12.10	14,00,000	14.00
b. Under ESOS, 2013; 0.58 million equity share with face value of Rs. 10 each, at an exercise price of Rs. 508.75 per share (refer note 50)	60,000	0.60	1,20,000	1.20
c. Under ESOS, 2013; 0.1 million equity share with face value of Rs. 10 each, at an exercise price of Rs. 300 per share (refer note 50)	-	-	1,00,000	1.00
d. Under ESOS, 2013; 0.84 million equity share with face value of Rs. 10 each, at an exercise price of Rs. 522 per share (refer note 50)	8,40,000	8.40	8,40,000	8.40
e. Under ESOS, 2013; 0.24 million equity share with face value of Rs. 10 each, at an exercise price of Rs. 522 per share (refer note 50)	2,40,000	2.40	2,40,000	2.40
f. Under ESOS, 2013; 0.23 million equity share with face value of Rs. 10 each, at an exercise price of Rs. 522 per share (refer note 50)	1,40,000	1.40	2,30,000	2.30
g. Under ESOS, 2013; 0.625 million equity share with face value of Rs. 10 each, at an exercise price of Rs. 522 per share (refer note 50)	6,25,000	6.25	-	-
h. Under ESOS, 2013; 0.455 million equity share with face value of Rs. 10 each, at an exercise price of Rs. 580 per share (refer note 50)	4,55,000	4.55	-	-
i. Under ESOS, 2013; 0.07 million equity share with face value of Rs. 10 each, at an exercise price of Rs. 580 per share (refer note 50)	70,000	0.70	-	-
Total	**36,40,000**	**36.40**	**29,30,000**	**29.30**

Notes to the Consolidated Financial Statement

for the year ended March 31, 2020

Rs. in million

Note 17 Other Equity	Note	March 31, 2020	March 31, 2019
Reserves and Surplus			
Capital reserve	(i)	12.92	12.92
Securities premium	(ii)	840.37	840.37
Share options outstanding account	(iii)	268.70	152.61
Foreign currency translation reserve	(iv)	772.10	387.62
General reserve	(v)	1,727.39	1,709.11
Retained earnings	(vi)	13,689.54	13,439.69
Total		**17,311.02**	**16,542.32**

Rs. in million

Other Equity	March 31, 2020	March 31, 2019
i) Capital reserve		
Balance as at the beginning and end of the year	**12.92**	**12.92**
ii) Securities premium		
Balance as at the beginning and end of the year	**840.37**	**840.37**
iii) Share options outstanding account		
Balance as at the beginning of the year	152.61	162.63
Employee share - based expense recognised in statement of profit and loss	144.19	52.87
Options forfeited, transferred to general reserve	(28.10)	(62.89)
Balance as at the end of the year	**268.70**	**152.61**
iv) Foreign currency translation reserve		
Balance as at the beginning of the year	387.62	40.20
Exchange differences in translating financials statement of foreign operations	384.48	357.83
Income tax on above items	-	(10.41)
Balance as at the end of the year	**772.10**	**387.62**
v) General reserve		
Balance as at the beginning of the year	1,709.11	1,668.19
Options forfeited, transferred from share options outstanding account	28.10	62.89
Income tax on above items	(9.82)	(21.97)
Balance as at the end of the year	**1,727.39**	**1,709.11**
vi) Retained earnings		
Balance as at the beginning of the year	13,439.69	12,477.05
Profit for the year attributable to the owners	836.07	1,950.81
Items of other comprehensive income recognised directly in retained earnings attributable to the owners	(41.16)	(7.05)
Dividend (including dividend distribution tax) (refer note below)	(545.06)	(981.12)
Balance as at the end of the year	**13,689.54**	**13,439.69**
Total	**17,311.02**	**16,542.32**

The following dividends were declared and paid by the Holding company during the year:

Rs. in million

Particulars	March 31, 2020	March 31, 2019
Interim dividend on equity Shares	287.24	452.13
Dividend distribution tax on above	55.76	92.94
Final dividend on equity shares *	164.89	361.70
Dividend distribution tax on above	37.17	74.35
Total	**545.06**	**981.12**

* Final dividend paid during the year ended March 31, 2020 is related to dividend proposed during the year ended March 31, 2019.

Note: After the reporting dates the following dividend (excluding dividend distribution tax) were proposed by the directors subject to approval at the annual general meeting; the dividends have not been recognised as liabilities.

Rs. in million

Particulars	March 31, 2020	March 31, 2019
By Holding company		
Final dividend on equity shares March 31, 2020: Rs. Nil (March 31, 2019: Rs. 1 per equity share)	-	180.85
By Zuventus Healthcare Limited		
Final dividend on equity shares March 31, 2020: Rs Nil (March 31, 2019: Rs. 9 per equity share)	-	180.50
Total	**-**	**361.35**

Nature and purpose of other reserves

Capital reserve

Capital reserve was created on account of amalgamation of companies prior to 2001.

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Share options outstanding account

The Parent has established equity-settled share-based payment plans for certain categories of employees of the Group. Refer note 50 for further details of these plans.

Foreign currency translation reserve (FCTR)

Exchange differences arising on translation of the foreign operations are recognised as described in accounting policy and accumulated in a separate reserve within equity.

General reserve

The General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

Rs. in million

Note 18 Non current borrowings	March 31, 2020	March 31, 2019
Secured		
Term loans:		
Indian currency loans from banks	3,813.68	4,722.36
Indian currency loans from others	1,304.28	1,610.06
Foreign currency loans from banks	3,824.63	4,072.65
Vehicle loans	45.17	62.07
	8,987.76	10,467.14
Unsecured		
Indian currency loans from others	119.42	139.90
Less: Current maturities of non current borrowing (refer note 24)	(3,434.74)	(3,598.12)
Less: Current maturities of vehicle loan and others(refer note 24)	(16.76)	(22.96)
Less: Transaction cost attributable to the borrowings	(122.70)	(107.18)
Total	**5,532.98**	**6,878.78**

Note: Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 41.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2020

a) Statement of principal terms of secured term loans outstanding as on March 31, 2020

Nature of facility	Repayment terms	Rate of interest % (per annum)	Currency	Amount outstanding (Rs. in million)	Security
Term Loan	48 monthly installments from March 2017.	1 Y MCLR + 2.30%	INR	57.81	As per Note No. 1
Term Loan	48 monthly installments from August 2016.	1 Y MCLR + 2.30%	INR	59.85	As per Note No. 1
Term Loan	48 monthly installments from February 2020.	1 Y MCLR + 2.75%	INR	310.49	As per Note No. 1
Term Loan	48 monthly installments from July 2017.	1 Y MCLR + 2.30%	INR	313.20	
Term Loan	48 monthly installments from March 2019.	1 year Libor+ 3.05%	USD	642.44	As per Note No. 1
Term Loan	48 monthly installments from March 2019.	1 Y MCLR + 2.00%	INR	156.83	
Term Loan	47 equal monthly installments of Rs.4.6 millions starting from February 1, 2018, and 1 installment of Rs. 3.8 millions from January 1, 2022	MCLR + 1.15%	INR	59.46	As per Note No. 4
Term Loan	48 monthly installments from September 2016.	1 year MCLR+1.60%	INR	63.74	As per Note No. 1
Term Loan	17 quarterly installments from October 2016	1 year MCLR+1.60%	INR	151.27	As per Note No. 1
Term Loan	24 quarterly installments from December 2021	1 year MCLR+1.85%	INR	294.51	As per Note No. 2
Term Loan	48 monthly installments from February 2018	1 year MCLR+1.60%	INR	241.63	As per Note No. 1
Term Loan	48 monthly installments from February 2018	1 year MCLR+1.60%	INR	241.63	As per Note No. 1
Term Loan	16 quarterly installments of 0.4375 Mn from July 2020	3M Libor+4.00%	USD	529.62	As per Note No. 5
Term Loan	16 quarterly installments of 0.94 Mn from	3M Libor+4.00%	USD	638.38	As per Note No. 5
Term Loan	48 monthly installments from June 2018	1 year MCLR+1.00%	INR	8.16	As per Note No. 1
Term Loan	12 half yearly installments starting from Sept 2020	6M Libor+3.50%	USD	453.96	As per Note No. 1
Term Loan	16 equal quarterly installments from July 2016	1 year MCLR+1.80%	INR	17.90	As per Note No. 1
Term Loan	"2 quarterly installment of C$ 840 thousand from May 2017 to August 2017. 4 quarterly installment of C$ 1050 thousand from November 2017 to August 2018 4 quarterly installment of C$ 1570 thousand from Novermber 2018 to August 2019 4 quarterly installment of C$ 2100 thousand from Novermber 2019 to August 2020 8 quarterly installment of C$ 2310 thousand from Novermber 2020 to August 2022 1 quarterly installmetn of C$ 2940 payable in November 2022."	CDOR+300 bps	CAD	1,371.08	As per Note No. 6
Term Loan	16 equal quarterly installments from May 2018	6M Libor+ 3.50%	USD	189.15	As per Note No. 1
Term Loan	16 equal quarterly installments from April 2018	LTMR+100 bps	INR	637.50	As per Note No. 1
Term Loan	16 equal quarterly installments from April 2019	LTMR+100 bps	INR	649.70	As per Note No. 1
Term Loan	28 quarterly bolloning installment from April 2019	LTRR-7.00%	INR	755.71	As per Note No. 2
Term Loan	15 equal quarterly installments from July 2018	LTRR-6.90%	INR	320.00	As per Note No. 2
Term Loan	14 equal quarterly installments from October 2018	LTRR-6.90%	INR	228.57	As per Note No. 2
Term Loan	60 monthly bolloning installment from August 2019	LTRR-8.25%	INR	360.00	As per Note No. 3
Term Loan	60 monthly bolloning installment from December 2019	LTRR-8.25%	INR	190.00	As per Note No. 1
Vehicle loans	Monthly installments starting from Aug 2014 and ending on Feb 2024	8.50% to 10.50%	INR	42.91	As per Note No. 7
Vehicle loans	Monthly installments starting from October 2017 and ending on March 2021	7.87% to 8.36%	INR	2.26	As per Note No. 7
				8,987.76	

b) Statement of principal terms of unsecured term loan outstanding as on March 31, 2020

Nature of facility	Repayment terms	Rate of interest % (per annum)	Currency	Amount outstanding (Rs. in million)	Security
Loan under New Millennium Indian Technology Leadership Initiative	10 Yearly installments starting from August 1, 2017	3%	INR	119.42	Unsecured
				119.42	

Notes to the Consolidated Financial Statement

for the year ended March 31, 2020

Note No. 1: The following security has been created for the above mentioned facility:

1. First pari passu (registered mortgage) charge over the immovable fixed assets situated at

   a) Plot No. P-2, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057

   b) Plot No. D-24, MIDC, Kurkumbh Industrial Area, Daund, Pune – 413 802

   c) Plot No. D-24/1, MIDC, Kurkumbh Industrial Area, Daund, Pune - 413 802

2. First pari passu (hypothecation) charge over the all movable fixed assets situated at:

   a) Plot No. P-1, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057

   b) Plot No. P-2, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057

   c) Plot No. D-24, MIDC, Kurkumbh Industrial Area, Daund, Pune – 413 802

   d) Plot No. D-24/1, MIDC, Kurkumbh Industrial Area, Daund, Pune - 413 802

3. First pari passu charge on intangible assets (ANDAs and DMFs and acquired brands out of loans proceeds) of the holding company.

4. Second pari passu (hypothecation) charge on current assets of the holding company.

Note No. 2: The following security has been created for the above mentioned facility:

Exclusive first charge on:

a) Immovable and movable fixed assets situated at Plot No. SM-14, Sanand Industrial Estate, Gujarat

b) Immovable and movable fixed assets situated at Plot No. SM-15 & 16/1, Sanand Industrial Estate, Gujarat

c) Movable fixed assets situated at Arihant School, of Pharmacy & Bio Research Institute, Adalaj, SG Highway, Dist.: Gandhinagar, Gujarat

Note No. 3: The following security has been created for the above mentioned facility

Exclusive first charge on:

a) Immovable fixed assets situated at Plot No. P-1, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057

Note No. 4: The following security has been created for the above mentioned facility:

1. Pari passu charge over the fixed and movable assets
2. Corporate guarantee of Emcure Pharmaceuticals Ltd (Holding Company)

Note No. 5: The following security has been created for the above mentioned facility:

1. First charge on immovable, movable fixed assets, Intangible assets and all current assets of "Heritage Pharma Holdings Inc." and "Heritage Pharmaceuticals' Inc. USA" and Heritage Pharma Labs Inc.
2. Pledge of Entire Equity Shares of "Heritage Pharma Holdings Inc. USA" and "Heritage Pharmaceuticals Inc.USA" held by Emcure Pharmaceutical Limited (holding company).
3. Corporate Guarantee of Emcure Pharmaceuticals Limited (holding company).

Note No. 6: The following security has been created for the above mentioned facility:

1. All fixed assets, current assets and intangibles assets of Marcan Pharmaceuticals Inc.,
2. Pledge of Entire Equity Shares of Marcan Pharmaceuticals Inc. held by Emcure Pharmaceuticals Limited (holding company)
3. Corporate Guarantee of Emcure Pharmaceuticals Limited (holding company).

Note No. 7: The following security has been created for the above mentioned facility:

Secured by Vehicle for which loan is availed.

c) Statement of principal terms of secured term loans outstanding as on March 31, 2019

Rs. in million

Nature of facility	Repayment terms	Rate of interest % (per annum)	Currency	Amount outstanding	Security
Term Loan	48 monthly installments from March 2017.	1 Y MCLR + 1.80%	INR	119.77	As per Note No. 1
Term Loan	48 monthly installments from August 2016.	1 Y MCLR + 1.80%	INR	247.60	As per Note No. 1
Term Loan	48 monthly installments from July 2017.	1 Y MCLR + 1.80%	INR	561.10	As per Note No. 1
Term Loan	48 monthly installments from March 2019.	1 Y Libor + 2.93%	USD	612.32	As per Note No. 1
Term Loan	48 monthly installments from March 2019.	1 Y MCLR + 1.50%	INR	385.39	As per Note No. 1
Term Loan	47 equal monthly installments of Rs.4.6 million starting from February 1, 2018, and 1 installment of Rs. 3.8 million from January 1, 2022	MCLR + 1.15%	INR	114.14	As per Note No. 2
Term Loan	48 monthly installments from September 2016.	1 year MCLR+1.60%	INR	177.60	As per Note No. 1
Term Loan	17 quarterly installments from October 2016	1 year MCLR+1.60%	INR	350.00	As per Note No. 1
Term Loan	48 monthly installments from February 2018	1 year MCLR+1.60%	INR	354.18	As per Note No. 1
Term Loan	48 monthly installments from February 2018	1 year MCLR+1.60%	INR	354.18	As per Note No. 1
Term Loan *	US$ 3Mn in March 2017, US$ 5Mn per quarter from June 17 to March 2018, US$ 5.50Mn per quarter from June 18 to September 2019, US$ 3 Mn in December 2019 and US$ 1 Mn in March 2020	3M Libor+4.00%	USD	281.48	As per Note No. 4
Term Loan *	16 quarterly installments of 0.94 Mn	3M Libor+4.00%	USD	857.81	As per Note No. 4
Term Loan	48 monthly installments from June 2018	1 year MCLR+1.00%	INR	53.06	As per Note No. 1
Term Loan	16 equal quarterly installments from March 2016	6M Libor+2.87%	USD	105.56	As per Note No. 1
Term Loan	16 equal quarterly installments from July 2016	1 year MCLR+1.80%	INR	88.67	As per Note No. 1
Term Loan	48 equal monthly instalments of Rs. 14.6 million starting from August, 2017.	12M MCLR + 1.20%	INR	412.50	As per Note No. 5
Term Loan	48 equal monthly instalments of Rs. 4.17 million starting from September, 2018.	12M MCLR + 1.20%	INR	166.67	As per Note No. 5
Term Loan*	"2 quarterly installment of C$ 840 thousand from May 2017 to August 2017. 4 quarterly installment of C$ 1050 thousand from November 2017 to August 2018 4 quarterly installment of C$ 1570 thousand from November 2018 to August 2019 4 quarterly installment of C$ 2100 thousand from November 2019 to August 2020 8 quarterly installment of C$ 2310 thousand from November 2020 to August 2022 1 quarterly installment of C$ 2940 payable in November 2022."	CDOR+335 bps	CAD	1,740.49	As per Note No. 6
Term Loan	16 equal quarterly installments from August 2016	6M Libor+ 3.35%	USD	211.11	As per Note No. 1
Term Loan	16 equal quarterly installments from May 2018	6M Libor+ 3.00%	USD	263.89	As per Note No. 1
Term Loan	16 equal quarterly installments from April 2018	LTMR+50 bps	INR	850.00	As per Note No. 1
Term Loan	16 equal quarterly installments from April 2020	LTMR+50 bps	INR	487.50	As per Note No. 1
Term Loan	28 quarterly ballooning installment from April 2019	LTRR-7.00%	INR	787.20	As per Note No. 3
Term Loan	15 equal quarterly installments from July 2018	1 year MCLR+1.25%	INR	480.00	As per Note No. 3
Term Loan	14 equal quarterly installments from October 2018	1 year MCLR+1.25%	INR	342.86	As per Note No. 3
Vehicle loans	Monthly installments starting from Aug 2014 and ending on Feb 2024	8.50% to 10.50%	INR	48.34	As per Note No. 7
Vehicle loans	Monthly installments starting from October 2017 and ending on March 2021	7.87% to 8.36%	INR	3.36	As per Note No. 7
Vehicle loans	Monthly installments starting from June 2016 to Oct 2021	8.50% -9.50%	INR	10.36	As per Note No. 7
				10,467.14	

Notes to the Consolidated Financial Statement

for the year ended March 31, 2020

* The Management periodically reviews compliance with terms and conditions of existing loan agreements to identify any non-adherence of any financial covenant and obtains confirmations from the respective lenders on existing terms and conditions basis which borrowings are disclosed as current and non-current at each reporting date. Pursuant to such review as at the year end, the management has obtained confirmation from its lenders on continuance of existing terms, conditions and lending period as stipulated in the original lending agreement.

d) Statement of principal terms of unsecured term loan outstanding as on March 31, 2019

Nature of facility	Repayment terms	Rate of interest % (per annum)	Currency	" Amount outstanding (Rs. in million) "	Security
Loan under New Millennium Indian Technology Leadership Initiative	10 Yearly installments starting from August 1, 2017	3%	INR	139.90	Unsecured
				139.90	

Note No. 1: The following security has been created for the above mentioned facility:

1. First pari passu (registered mortgage) charge over the immovable fixed assets situated at
   a) Plot No. P-2, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057
   b) Plot No. D-24, MIDC, Kurkumbh Industrial Area, Daund, Pune – 413 802
   c) Plot No. D-24/1, MIDC, Kurkumbh Industrial Area, Daund, Pune - 413 802
2. First pari passu (hypothecation) charge over the all movable fixed assets situated at:
   a) Plot No. P-1, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057
   b) Plot No. P-2, Rajiv Gandhi Infotech Park, MIDC, Phase-II, Hinjewadi, Pune – 411 057
   c) Plot No. D-24, MIDC, Kurkumbh Industrial Area, Daund, Pune – 413 802
   d) Plot No. D-24/1, MIDC, Kurkumbh Industrial Area, Daund, Pune - 413 802
3. First pari passu charge on intangible assets of the holding company.
4. Second pari passu (hypothecation) charge on current assets of the holding company.

Note No. 2: The following security has been created for the above mentioned facility:

1. Pari passu charge over the fixed and movable assets
2. Corporate guarantee of Emcure Pharmaceuticals Ltd (Holding Company)

Note No. 3: The following security has been created for the above mentioned facility:

Exclusive first charge on:

a) Immovable and movable fixed assets situated at Plot No. SM-14, Sanand Industrial Estate, Gujarat

b) Immovable and movable fixed assets situated at Plot No. SM-15 & 16/1, Sanand Industrial Estate, Gujarat

c) Movable fixed assets situated at Arihant School, of Pharmacy & Bio Research Institute, Adalaj, SG Highway, Dist.: Gandhinagar, Gujarat

Note No. 4: The following security has been created for the above mentioned facility:

1. First charge on immovable, movable fixed assets, Intangible assets and all current assets of “Heritage Pharma Holdings Inc.” and “Heritage Pharmaceuticals’ Inc. USA” and Heritage Pharma Labs Inc.
2. Pledge of Entire Equity Shares of “Heritage Pharma Holdings Inc. USA” and “Heritage Pharmaceuticals Inc.USA” held by Emcure Pharmaceutical Limited (holding company).
3. Corporate Guarantee of Emcure Pharmaceuticals Limited (holding company).

Note No. 5: The following security has been created for the above mentioned facility:

1. Exclusive charge over the immovable and movable fixed assets situated at, Block Kamerey,Elaka Pakyong,Post office Rangpo,Police Station-Roarathang,Dist.-Gangtok,Sikkim-737132.
2. Exclusive second charge on the current assets of the Zuventus Healthcare Limited .

Note No. 6: The following security has been created for the above mentioned facility:

1. All fixed assets, current assets and intangibles assets of Marcan Pharmaceuticals Inc.,
2. Pledge of Entire Equity Shares of Marcan Pharmaceuticals Inc. held by Emcure Pharmaceuticals Limited (holding company)
3. Corporate Guarantee of Emcure Pharmaceuticals Limited (holding company).

Note No. 7: The following security has been created for the above mentioned facility:

Secured by Vehicle for which loan is availed.

Rs. in million

Note 19 Other non-current financial liabilities	March 31, 2020	March 31, 2019
Trade deposits (refer note below)	121.10	123.82
Consideration payable (including contingent consideration) towards acquisition of subsidiary (refer note 63)	2,425.47	3,152.77
Interest accrued but not due on borrowing	4.27	10.97
Payables for capital asset	605.28	566.97
Other liabilities	4.02	1.67
Total	**3,160.14**	**3,856.20**

Note : Includes deposit from firm in which directors of the Holding Company are interested - Rs. 10.00 million (March 31, 2019 - Rs. 10.00 million).

Rs. in million

Note 20 Non-current provisions	March 31, 2020	March 31, 2019
Provision for employee benefits		
Provision for compensated absences	296.99	305.77
Other provision		
Provision for sales return and breakage expiry (refer note 25)	287.99	255.38
Total	**584.98**	**561.15**

Rs. in million

Note 21 Other non-current liabilities	March 31, 2020	March 31, 2019
Deferred government grant (refer note 45B and 62)	6.37	9.00
Other liabilities	-	31.17
Total	**6.37**	**40.17**

Rs. in million

Note 22 Current borrowings	March 31, 2020	March 31, 2019
Secured		
Working capital loans from banks	5,335.84	3,552.96
Cash credit facilities / bank overdraft repayable on demand from banks	7,378.51	7,324.11
Less: Transaction cost attributable to the borrowings	(2.61)	(8.67)
Total	**12,711.74**	**10,868.40**

Note:

a) Working capital loans from banks are secured by hypothecation of inventories, book debts and receivables, in addition, Working capital loans of few subsidiaries are also secured by corporate guarantee of parent company (refer note 55).

b) The cash credit facilities / bank overdraft facilities are repayable on demand and working capital loans are repayable within a year with a range of interest of LIBOR+250 bps to LIBOR+350 bps for foreign currency loans in USD, GBP Libor+250 bps for foreign currency loans in GBP, Prime Rate+0.35% for foreign currency loans in Canada, 3% lower than base rate in Dubai, MCLR+1.10% and for Rupee loans 8.30% p.a. to 9.85% p.a. (previous year : LIBOR+156 bps to LIBOR+446 bps for foreign currency loans in USD, GBP Libor+250 bps for foreign currency loans in GBP, Prime Rate+0.35% for foreign currency loans in Canada, 3% lower than base rate in Dubai, MCLR+1.25% p.a. and for Rupee loans 8.45% p.a. to 10.45% p.a.).

c) Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 41.

Rs. in million

Note 23 Trade payables	March 31, 2020	March 31, 2019
Total outstanding dues of micro and small enterprises (refer note 60)	0.62	6.58
Total outstanding dues of creditors other than micro and small enterprises	7,406.01	6,846.43
Total	**7,406.63**	**6,853.01**

Note:

1. The Group's exposure to currency and liquidity risks related to trade payables is disclosed in Note 41.
2. All trade payables are current.

Rs. in million

Note 24 Other financial liabilities	March 31, 2020	March 31, 2019
Current maturities of non current borrowing (refer note 18)	3,451.50	3,621.08
Less: Transaction cost attributable to the borrowings	-	(85.40)
	3,451.50	3,535.68
Interest accrued but not due on borrowings	75.19	27.09
Interest accrued and due on borrowings	32.24	4.94
Interest accrued and due on trade deposits (refer note (b) below)	1.67	1.70
Consideration payable (including contingent consideration) towards acquisition of subsidiary (refer note 63)	1,065.49	-
Employee benefits payable	1,573.45	1,443.33
Accrual pertaining to settlement of litigation (refer note 44)	-	522.50
Other payables	17.69	17.50
Payables for capital asset	187.18	376.63
Total	**6,404.41**	**5,929.37**

Note:

a) The Group's exposure to currency and liquidity risks related to the above financial liabilities is disclosed in note 41.

b) Includes Interest accrued and due on deposit from a firm in which directors of the Holding Company are interested : Rs. 0.17 million (March 31, 2019: Rs.0.17 million)

Rs. in million

Note 25 Current provisions	March 31, 2020	March 31, 2019
Provision for employee benefits		
Provision for compensated absences	161.22	139.11
Provision for gratuity (refer note 49)	151.52	132.25
Provision for stock appreciation rights (refer note 51)	106.52	108.23
Provision for sales returns and breakage expiry (refer note below)	946.73	729.29
Other provisions	23.94	15.14
Total	**1,389.93**	**1,124.02**

i) Information about individual provisions and significant estimates

Sales returns and breakage expiry

When a customer has a right to return the product within a given period, the Group recognises a provision for returns. The provision is measured equal to the value of the sales expected to return in the future period. Revenue is adjusted for the expected value of the returns and cost of sales are adjusted for the value of the corresponding goods to be returned.

The Group has a constructive obligation to replace the goods which will expire. The Group has recognised a provision for the returns due to expiry. The provision is measured on the basis of historical trend of expiry against the sales occurred in the current and earlier period. Management considers the sales value for the periods which are equivalent to average general shelf life of products. Revenue is adjusted for the expected value of the returns.

Significant estimates

The Group has constructive obligation to accept the returns and expired products after sales to customers. Management estimates the related provision for future expected returns based on historical information as well as recent trends and change in business conditions that might suggest that past information may differ from future claims. The assumptions made in relation to the current period are consistent with those in the prior years. Factors that could impact the estimated return include pattern of return and success of new products launched, Group's marketing initiatives, shelf life of products. Where expected value of returns and expiry changes by 5% from management's estimates, the return provisions would be an estimated Rs 61.74 million higher or lower (March 31, 2019 : Rs 49.23 million higher or lower).

ii) Movements in provisions for sales return and breakage expiry

Rs. in million

Particulars	March 31, 2020	March 31, 2019
Beginning of the year	984.67	836.70
Provisions made during the year	1,678.03	1,671.63
Provision of unwinding of discounts	26.59	-
Provisions utilised during the year	(1,470.37)	(1,537.49)
Change due to translation of provision of foreign operation	15.80	13.83
At the end of the year	**1,234.72**	**984.67**

Rs. in million

Note 26 Income tax assets / liabilities (net)	March 31, 2020	March 31, 2019
Income tax assets (net of provisions)	1,551.75	449.24
Income tax liabilities (net of advance tax)	543.46	177.68

Notes to the Consolidated Financial Statement
for the year ended March 31, 2020

Rs. in million

Note 27 Other current liabilities	March 31, 2020	March 31, 2019
Statutory dues including provident fund and withholding taxes	211.31	266.65
Contract liabilities (advances from customers)	50.36	99.07
Deferred government grant (refer note 45B and 62)	-	9.00
Other liabilities	183.46	99.69
Total	**445.13**	**474.41**

Rs. in million

Note 28 Revenue from operations	March 31, 2020	March 31, 2019
Sale of products	49,721.55	46,578.49
Sale of services	326.79	114.11
Other operating revenues		
Export incentives	342.17	360.54
Scrap sales	35.03	54.23
Excise / GST refund received (refer note 61)	48.74	45.23
Income arising from government grant (refer note 62)	11.26	19.23
Total	**50,485.54**	**47,171.83**

Rs. in million

Note 29 Other income	March 31, 2020	March 31, 2019
Interest income under the effective interest method from banks and others	21.86	25.22
Profit on sale of property, plant & equipment	-	24.36
Gains on foreign exchange fluctuation (net)	464.30	309.08
Provision for doubtful debts written back	-	12.97
Stock appreciation rights liability written back (refer note 51)	-	244.24
Miscellaneous income	336.90	335.48
Total	**823.06**	**951.35**

Rs. in million

Note 30 Cost of material consumed	March 31, 2020	March 31, 2019
A: Raw material consumed		
Opening inventory	2,918.48	2,299.01
Add : Purchases (net)	8,112.09	7,318.03
	11,030.57	9,617.04
Less: Closing inventory	3,370.56	2,918.48
Cost of raw materials consumed during the year	7,660.01	6,698.56
B: Packing material consumed		
Opening inventory	565.53	531.65
Add : Purchases (net)	1,308.24	1,147.40
	1,873.77	1,679.05
Less: Closing inventory	531.56	565.53
Cost of packing materials consumed during the year	1,342.21	1,113.52
Total (A+B)	**9,002.22**	**7,812.08**

Notes to the Consolidated Financial Statement

for the year ended March 31, 2020

Rs. in million

Note 31 Changes in inventory of finished goods, work in progress and stock-in-trade	March 31, 2020	March 31, 2019
Opening inventory		
Work-in-process	1,113.26	763.83
Finished goods	1,429.28	1,378.84
Stock-in-trade	5,041.87	4,119.96
	7,584.41	6,262.63
Less: Closing inventory		
Work-in-process	692.78	1,113.26
Finished goods	1,479.48	1,429.28
Stock-in-trade	5,393.05	5,041.87
	7,565.31	7,584.41
Changes in inventory of finished goods, work in progress and stock-in-trade	**19.10**	**(1,321.78)**

Rs. in million

Note 32 Employee benefit expenses	March 31, 2020	March 31, 2019
Salaries, wages and bonus	9,670.28	8,840.33
Contribution to provident and other funds (refer note 49)	663.06	576.39
Gratuity (refer note 49)	117.54	108.80
Employee share-based payment expenses (refer note 50)	144.19	52.87
Staff welfare expenses	461.13	524.91
Total	**11,056.20**	**10,103.30**

Notes to the Consolidated Financial Statement

for the year ended March 31, 2020

Rs. in million

Note 33 Other expenses	March 31, 2020	March 31, 2019
Processing charges	358.63	359.57
Factory consumables	1,216.80	1,632.61
Contractual Services	390.30	370.39
Power and fuel	1,008.06	944.65
Insurance	429.78	123.75
Repair and maintenance	453.56	477.99
Rent	37.12	417.35
Rates and taxes	179.28	104.70
Freight	587.49	514.00
Advertisement and promotional materials	1,847.65	1,878.07
Travelling and conveyance	1,603.26	1,620.58
Commission on sales	556.16	650.37
Printing and stationery	229.63	142.33
Legal and professional fees	1,405.05	1,345.03
Payment to auditors (refer note below)	11.40	14.26
Inventory handling charges	795.02	489.05
Commission to non-whole time directors	12.30	15.20
Directors sitting fees	11.38	15.95
Provision for doubtful debts	25.82	-
Loss on sale of property, plant and equipment	41.57	-
Bad debts written off	54.33	44.02
Expenditure towards corporate social responsibility (refer note 59)	69.72	73.28
Impairment of Goodwill (refer note 52)	39.83	9.30
Miscellaneous expenses	730.90	751.49
Total	**12,095.04**	**11,993.94**

Rs. in million

Note : Payment to auditors	March 31, 2020	March 31, 2019
As auditor:		
Audit fees excluding taxes	7.90	9.00
Other services	2.51	4.53
Out of pocket expenses	0.99	0.73
Total	**11.40**	**14.26**

Rs. in million

Note 34 Depreciation and amortisation expenses	March 31, 2020	March 31, 2019
Depreciation on property, plant and equipment	1,845.31	1,701.06
Depreciation on ROU	369.18	-
Amortisation of intangible assets	993.85	970.64
Total	**3,208.34**	**2,671.70**

Notes to the Consolidated Financial Statement
for the year ended March 31, 2020

Rs. in million

Note 35 Finance cost	March 31, 2020	March 31, 2019
Interest on long-term borrowings measured at amortised cost (refer note 2)	1,114.95	1,080.01
Interest on short-term borrowings measured at amortised cost (refer note 2)	773.59	558.72
Unwinding of discount on deferred consideration	74.02	68.84
Unwinding of discount on contingent consideration (refer note 63)	219.55	199.55
Interest on shortfall of advance tax	35.57	13.90
Interest Accrued On Lease Liability	122.12	-
Other borrowing costs	158.95	234.90
Exchange differences to the extent regarded as an adjustment to borrowing costs	67.22	70.64
Total	**2,565.97**	**2,226.56**

Rs. in million

Note 36 Exceptional items	March 31, 2020	March 31, 2019
Consultancy fees (see note (a) and (b) below)	753.14	711.75
Stock appreciation rights liability written back (refer note 51)	-	(994.28)
Insurance claim receivable written off (see note(c) below)	281.65	-
Legal settlement (refer note 44)	-	517.11
Total	**1,034.79**	**234.58**

Notes :

a) The Holding company received a warning letter dated March 3, 2016 in respect of its manufacturing location in Pune. The Company's products are under an ongoing 'import alert' from the Food and Drug Administration of the USA ('US FDA'). Management has taken the necessary corrective actions based on the audit conducted by US FDA with the last response sent on 18th May 2020.

The Company has also engaged external consultants as a part of remediation action for Hinjwadi plant. Professional fees paid amounting to Rs. 361.69 million (March 31, 2019 - Rs. 349.55 million) to external consultant has been classified as an exceptional item.

b) Consultancy fees towards Department of Justice (DOJ) investigation amounting to Rs. 391.45 million (March 31, 2019 Rs. 362.20 million) has been classified as exceptional item. Refer note 44.

c) During the year ended 31 March 2020, the group without prejudice to its rights and remedies available under law has written off insurance claim receivable amounting to Rs. 281.65 Million on account of significant delays in receipt of the claim from the insurer in relation to the reimbursement of expenditure incurred in the matter pertaining to various investigations in USA.

Rs. in million

Note 37 Tax expenses recognised in statement of profit and loss	March 31, 2020	March 31, 2019
Current tax		
Current Period	330.21	2,133.91
Change in estimate related to prior years	(13.66)	(8.33)
Total current tax expense	**316.55**	**2,125.58**
Deferred tax		
Originating and reversal of temporary differences	(25.20)	(859.88)
Change in tax rate	(124.00)	12.43
Changes in temporary differences of earlier years	(120.10)	(63.78)
Total deferred tax	**(269.30)**	**(911.23)**
Total	**47.25**	**1,214.35**

Rs. in million

Tax income recognised in OCI	March 31, 2020	March 31, 2019
Remeasurements of post-employment benefit obligations	24.28	4.88
Foreign exchange differences on long term monetary items and currency translation reserve	-	(10.41)
Total	**24.28**	**(5.53)**

Rs. in million

Tax expense recognised in other equity	March 31, 2020	March 31, 2019
General reserve	(9.82)	(21.97)
Total	**(9.82)**	**(21.97)**

Rs. in million

Note 38 Deferred tax assets	March 31, 2020	March 31, 2019
Deferred tax assets :		
Intangible assets	434.73	323.25
Allowance for doubtful debts - trade receivables	4.14	2.99
Provision - employee benefit	11.19	8.69
Property, plant and equipment	0.49	58.59
Carry forward of tax losses	316.85	768.18
Minimum alternate tax credit entitlement	287.00	159.53
Stock appreciation rights	24.19	23.27
Insurance receivable	68.27	-
Sales return	162.00	-
Inventories	732.80	728.46
Others	526.83	440.93
Lease Liability	47.99	-
Total	**2,616.48**	**2,513.89**
Deferred tax liabilities :		
Property, plant and equipment	217.30	282.64
Intangible assets	0.26	-
Others	346.31	191.22
Right-of -use assets	45.00	-
Total	**608.87**	**473.86**
Deferred tax assets - net	**2,007.61**	**2,040.03**

Rs. in million

Note 38 Deferred tax liabilities	March 31, 2020	March 31, 2019
Deferred tax liabilities :		
Intangible assets	166.51	236.93
Property, plant and equipment	569.59	755.01
Undistributed profits of subsidiary	-	101.41
Others	20.42	23.43
Right-of -use assets	205.80	-
Total	**962.32**	**1,116.78**
Deferred tax assets :		
Carry forward of tax losses	72.18	58.99
Allowance for doubtful debts - trade receivables	50.69	47.10
Provision - Employee benefit	183.76	193.32
Minimum alternate tax credit entitlement	-	141.58
Others	-	1.84
Lease Liability	215.66	-
Total	**522.29**	**442.83**
Deferred tax labilities - net	**440.03**	**673.95**

Note: Balances of deferred tax assets and deferred tax liability above, as on the reporting date includes the effects of changes in foreign exchange rates of foreign operations whose functional currency is different than the Group's functional currency, are considered in foreign currency translation reserve and is shown as others in deferred tax movement note 39.

Significant estimates

In assessing the realisability of the deferred tax asset balance with respect to Minimum alternate tax (MAT) credit entitlements and carry forward tax losses, management has considered whether partial or all of the MAT credit entitlement and carry forward tax losses will not be realised. The ultimate realisation of benefit related to MAT credit and carry forward tax losses is dependent upon the generation of future taxable income greater than book profit as per provisions of Income Tax Act, 1961, before expiry of credit and carry forward period. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategy in making this assessment. Based on the level of historical taxable income and projections of future taxable income over the periods in which the MAT credit are deductible as well carry forward losses will be utilised, management believes that the Group will realise the benefit. The amount of deferred tax asset on account of MAT credit and carry forward losses is considered to be realisable, however, could be reduced in the near term if estimates of future taxable income undergo any change as compared to the estimates made by the management as at reporting date. Management has performed the sensitivity analysis on the future expected taxable profits and do not expect any loss of benefit related to these items.

Rs. in million

Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:	March 31, 2020		March 31, 2019	
	%	Amount	%	Amount
Profit before tax expense		**1,053.35**		**3,306.26**
Tax using the Holding Company tax rate of 34.94% (March 31, 2019 — 34.94%)	**34.94%**	**368.08**	**34.94%**	**1,155.34**
Tax effect of amounts which are not (deductible) / taxable in calculating taxable income:				
Weighted deduction on research and development expenditure	-15.88%	(167.32)	-6.97%	(230.59)
Non deductible expenses	13.10%	138.00	3.41%	112.82
Change in tax rate	-11.77%	(124.00)	0.38%	12.43
Additional allowance for tax purpose	-1.05%	(11.04)	-6.82%	(225.41)
One time tax impact due to change in law	-25.38%	(267.29)	0.00%	-
Difference in tax rates in foreign jurisdictions	30.43%	320.50	13.37%	442.14
Creation/(reversal) of deferred tax liability on undistributed profits	-9.63%	(101.41)	-0.80%	(26.33)
Change in estimate related to prior years	-1.30%	(13.66)	-0.25%	(8.33)
Changes in temporary differences of earlier years	-11.40%	(120.10)	-1.93%	(63.78)
Other items	2.42%	25.49	1.39%	46.06
Effective tax rate	**4.48%**	**47.25**	**36.72%**	**1,214.35**

* The Company intends to exercise the option with regards to the tax rate mentioned under section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019, with effect from the financial year ended 31 March 2021. Hence, for year ended 31 March 2020, the Company has used the tax rate 34.944% (31st March 2019 - 34.944%) to reconcile the corporate tax payable by corporate entities in India on taxable profits under Indian Income Tax Laws.The deferred tax assets/ liabilities have been restated by corporate entities in India at the tax rate mentioned under section 115BAA for the expected reversal of the timing differences.

** The US Government enacted Coronavirus Aids, Relief and Economic Security Act (CARES Act) on 27-Mar-2020 in response to COVID-19 pandemic.Heritage Pharma Holdings Inc. and its subsidiaries elected to carry back Net Operating Losses (NOLs) of current and preceding financial years to set off against taxable profits of earlier years.

Rs. in million

Note 39 Movement of Deferred tax assets / liabilities	Opening balance as at 01 April 2019*	Transferred to P&L	Transferred to OCI	Others	Closing Balance as at March 31, 2020*
Minimum alternate tax credit entitlement	301.11	127.47	-	(141.58)	287.00
Carry forward of tax losses	827.17	(438.15)	-	-	389.02
Stock appreciation rights	23.27	0.92	-	-	24.19
Provision - Employee benefit	202.01	(31.33)	24.27	-	194.95
Inventories	728.46	4.34	-	-	732.80
Insurance receivable	-	68.27	-	-	68.27
Sales return	-	162.00		-	162.00
Allowance for doubtful debts - trade receivables	50.09	4.73	-	-	54.82
Others	228.12	(117.49)	-	49.50	160.13
Lease Liability	-	263.65	-	-	263.65
Property, Plant and Equipment	(979.06)	192.64	-	-	(786.42)
Undistributed profits of subsidiary (Refer Note 1 below)	(101.41)	101.41	-	-	-
Intangible assets	86.32	181.64	-	-	267.96
Right-of -use assets		(250.80)	-	-	(250.80)
Total	**1,366.08**	**269.30**	**24.27**	**(92.08)**	**1,567.58**

Rs. in million

Note 39 Movement of Deferred tax assets / liabilities	Opening balance as at April 1, 2018*	Transferred to P&L	Transferred to OCI	Others	Closing Balance as at March 31, 2019*
Minimum alternate tax credit entitlement	1,329.58	103.13	-	(1,131.60)	301.11
Carry forward of tax losses	520.29	306.88	-	-	827.17
Stock appreciation rights	271.21	(247.94)	-	-	23.27
Provision - Employee benefit	194.47	2.66	4.88	-	202.01
Inventories	185.80	542.66	-	-	728.46
Allowance for doubtful debts - trade receivables	51.02	(0.93)	-	-	50.09
Others	82.63	109.84	(10.41)	46.06	228.12
Property, plant and equipment	(935.35)	(43.71)	-	-	(979.06)
Undistributed profits of subsidiary	(127.74)	26.33	-	-	(101.41)
Intangible assets	(25.99)	112.31	-	-	86.32
Total	**1,545.92**	**911.23**	**(5.53)**	**(1,085.54)**	**1,366.08**

* Deferred tax assets (net) and deferred tax liabilities (net) as shown in the consolidated financial statements has been clubbed for the aforesaid disclosure.

Note 1 : In light of change in the Indian tax laws, the deferred tax liabilities on account of undistributed profits of the subsidiaries has been reversed.

Note 40 : Capital management

The group`s objectives when managing capital are to

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Generally consistent with others in the industry, the group monitors capital on the basis of the following gearing ratio:

Net debt (total bank borrowings excluding transaction cost, net of cash and cash equivalent and other bank balances)
divided by
Equity attributable to the owners of Emcure Pharmaceuticals Limited (as shown in the Balance Sheet).
The group strategy is to maintain a gearing ratio less than 1.50x. The gearing ratio at year end is as follows:

Rs. in million

Particulars	March 31, 2020	March 31, 2019
Net Debt (as defined above)	20,050.61	20,356.59
Equity attributable to the owners of Emcure Pharmaceuticals Limited	19,119.54	18,350.84
Gearing ratio	1.05	1.11

Note 41 : Financial risk management

The Group is exposed to a variety of financial risks which results from the Group's operating and investing activities. The Group's risk management is carried out by central treasurydepartment in under guidance of the board of directors and the core management team of the Group, and it focuses on actively ensuring the minimal impact of Group's financial position.

This note explains the sources of risk which the Group is exposed to and how the Group manages the risk and the impact of hedge accounting in the financial statements

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	"Aging analysis, Credit ratings"	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other financial liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	"Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee (Rs.)"	"Cash flow forecasting Sensitivity analysis"	Effective management of foreign exchange inflow and outflow. Borrowing in foreign currency to fulfil foreign currency obligation
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Ongoing review of existing borrowing rates and seeking for new facilities at lower rate.

A) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and other financial assets. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Group establishes an allowance for doubtful debts and impairment that represents its estimate of expected losses in respect of trade and other receivables.

Other financial assets that are potentially subject to credit risk consists of cash equivalents and deposits.

Further, the Group also recognises loss allowance by using a provision matrix based on historical credit loss experience wherein fixed provision rates are defined for each financial asset which is past due / not due. The Group depending on the diversity of its asset base, uses appropriate Groupings if the historical credit loss experience shows significant different loss patterns for different customer segments / financial assets.

Also, the Group limits its exposure to credit risk from receivables by establishing a maximum payment period for customers.

The Group considers the recoverability from financial assets on regular intervals so that such financial assets are received within the due dates.

The Group has exposure to credit risk which is limited to carrying amount of financial assets recognised at the date of Balance Sheet.

Trade receivables

Trade receivables are usually due within 7-180 days. Generally, and by practice most domestic customers enjoy a credit period of approximately 7-45 days and for export customers, the credit period ranges from 30 to 180 days. The receivables are not interest bearing, which is the normal industry practice. All trade receivables are subject to credit risk exposure. However, the Group does not identify specific concentration of credit risk with regard to trade receivables, as the amounts recognized represent a large number of receivables from various customers. Certain receivables are also backed by letter of credit from the banks, resulting into negligible credit risk in recovery of such receivables.

The Group uses a provision matrix (simplified approach) to measure the expected credit loss of trade receivables and other financial assets measured at amortised cost.

Year ended March 31, 2020:
Expected credit loss for trade receivables under simplified approach

Rs. in million

Ageing	Not Due	0-90 days past dues	91-180 days past dues	181-270 days past dues	271-360 days past dues	More than 360 days past dues	Total
Gross carrying amount*	3,531.78	1,440.12	150.47	43.23	66.27	213.91	5,445.78
Expected loss rate (includes interest as well as credit loss)	-1.06%	-1.49%	-6.47%	-17.90%	-12.75%	-55.25%	-3.73%
Expected credit losses (loss allowance provision)	(37.28)	(21.48)	(9.74)	(7.74)	(8.45)	(118.18)	(202.86)
Carrying amount of trade receivables (net of impairment)	**3,494.50**	**1,418.65**	**140.73**	**35.49**	**57.82**	**95.73**	**5,242.92**

Year ended March 31, 2019:

Expected credit loss for trade receivables under simplified approach

Rs. in million

Ageing	Not Due	0-90 days past dues	91-180 days past dues	181-270 days past dues	271-360 days past dues	More than 360 days past dues	Total
Gross carrying amount*	2,268.27	1,085.03	234.99	95.01	27.56	127.73	3,838.59
Expected loss rate (includes interest as well as credit loss)	-0.69%	-0.71%	-2.41%	-3.02%	-38.44%	-80.37%	-3.78%
Expected credit losses (loss allowance provision)	(15.63)	(7.69)	(5.67)	(2.87)	(10.59)	(102.66)	(145.11)
Carrying amount of trade receivables (net of impairment)	**2,252.64**	**1,077.34**	**229.32**	**92.14**	**16.97**	**25.07**	**3,693.48**

During the period, the Group has made write-offs of trade receivables amount to Rs 48.93 million (March 31, 2019 Rs. 44.02 million).

There are no financial assets which have been written off during the year which are subject to enforcement activity.

* In case of certain subsidiaries located in geographical segments - Africa, Asia (except India), Australia, North America, South America, Europe, management do not expect any expected credit loss against trade receivables based on the past trend of recovery and actual write offs. Therefore trade receivable at the date of financial position with respect to these subsidiaries are not included in the analysis above. Provision amounting to Rs 22.65 million (March 31, 2019 - Rs. 29.88 million) was made against receivables of certain specific subsidiaries based on management assessment of recovery of these subsidiaries and such loss provision is not considered in analysis above.

ii) Reconciliation of loss allowance provision — Trade receivables

Rs. in million

Particulars	Rs. in million
Loss allowance on March 31, 2018	**187.96**
Amounts written off	(44.02)
Net remeasurement of loss allowances	31.05
Loss allowance on March 31, 2019	**174.99**
Amounts written off	(54.33)
Net remeasurement of loss allowances	104.85
Loss allowance on March 31, 2020	**225.51**

Cash and Cash Equivalents and Deposits with Banks:

With respect to the cash and cash equivalents and deposits with banks, the concentration of credit risk is negligible as these are kept with the reputed banks with very high credit worthiness.

B) Liquidity risk

Liquidity risk management implies maintaining sufficient cash and availability of funds through adequate amount of committed credit facility to meet the commitments arising out of financial liabilities. Due to the dynamic nature of the underlying business, the Group maintains flexibility in funding by maintaining availability under committed credit lines. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet future requirements, monitoring balance sheet liquidity ratios against debt covenants and maintaining debt financing plans and ensuring compliance with regulatory requirements.

The Group manages its liquidity needs by carefully monitoring scheduled debt payments as well as cash requirement for day-to-day business. Liquidity needs are monitored regularly as well as on the basis of a 30-day cash flow projection. Long-term liquidity needs for a period from 180 to 360 days period are identified and reviewed at regular intervals.

The Group maintains cash and marketable securities to meet its liquidity requirements. Funding in regards to long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities. The Group is confident of being able to roll forward its short term borrowings.

i) Financing arrangements

The Group has access to undrawn borrowing facilities including overdraft facility at the end of the reporting period.

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice subject to the continuance of satisfactory credit ratings.

ii) Maturities of financial liabilities

The tables below analyse the Group`s financial liabilities into relevant maturity Groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and

- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Rs. in million

Contractual maturities of financial liabilities	within 1 year	1 to 2 years	More than 2 years	Total
March 31 2020				
Trade Payable	7,406.63	-	-	7,406.63
Short term borrowing	12,711.74	-	-	12,711.74
Long term borrowing	3,451.50	2,368.02	3,164.96	8,984.48
Consideration (including contingent consideration) payable towards acquisition of subsidiary	1,065.49	2,425.47		3,490.96
Trade deposits	-	-	121.10	121.10
Lease Liabilities	395.24	361.08	1,459.44	2,215.76
Other financial liabilities	1,887.42	8.29	605.28	2,500.99
Total	**26,918.02**	**5,162.86**	**5,350.78**	**37,431.66**
March 31 2019				
Trade Payable	6,853.01	-	-	6,853.01
Short term borrowing	10,868.40	-	-	10,868.40
Long term borrowing	3,535.68	2,842.98	4,035.80	10,414.46
Consideration (including contingent consideration) payable towards acquisition of subsidiary	-	977.71	2,175.06	3,152.77
Trade deposits	-	-	123.82	123.82
Other financial liabilities	2,393.69	579.61	-	2,973.30
Total	**23,650.79**	**4,400.30**	**6,334.68**	**34,385.76**

C) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Foreign currency risk

The Group operates in international market and a major portion of its business is transacted in different currencies and consequently the Group is exposed to foreign exchange risk through its sales and services and imported purchase to / from various countries.

The Group's foreign currency exposure is mainly in USD, EURO and GBP. The Group's financial liabilities mainly constitutes bank loans and trade payable. Further, the Group receives foreign currency against its exports receivables on regular basis against which the Group pays its loan and import commitments. To mitigate the risk arising on account of foreign exchange fluctuation management closely monitors the cash inflows based on review of expected future movement.

The bulk of contributions to the Group's assets, liabilities, income and expenses in foreign currency are denominated in USD, Euro and GBP. Foreign currency denominated financial assets and liabilities expressed in Rs. as at the closing are as follows:

Foreign currency risk exposure:

		Foreign currency in million		Rs. in million	
Particulars	**Currency**	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**
Financial assets					
Receivables (including other receivables)	EURO	3.10	6.09	258.18	483.04
	USD	33.45	17.80	2,530.95	1,252.72
	Others*	0.62	0.40	28.82	19.97
Cash and cash equivalents	USD	2.43	2.82	183.60	198.13
	EURO	1.57	1.04	130.04	82.25
	GBP	-	-	-	-
	Others*	0.05	0.41	0.05	0.67
Total		**41.22**	**28.56**	**3,131.64**	**2,036.78**
Financial liabilities					
Trade Payable	EURO	2.07	2.00	172.32	158.77
	USD	9.54	12.52	721.74	881.35
	GBP	0.09	0.02	8.30	1.85
	Others	1.14	1.52	0.89	6.67
Other Financial Liabilities	USD	0.03	0.19	2.29	13.51
	GBP	0.02	0.02	1.41	1.41
Loans Payable	USD	16.99	16.95	1,285.55	1,192.88
	GBP	6.00	6.00	563.64	552.96
Total		**35.88**	**39.22**	**2,756.14**	**2,809.40**

* Foreign currencies of insignificant value

Sensitivity:

Rs. in million

Particulars	**Impact on profit before tax**	
	March 31, 2020	**March 31, 2019**
USD sensitivity		
USD/INR -Increase by 4% (March 31, 2019-4%)*	28.20	(25.82)
USD/INR -Decrease by -4% (March 31, 2019-4%)*	(28.20)	25.82
EURO sensitivity		
EURO/INR -Increase by 2% (March 31, 2019-2%)*	4.32	8.13
EURO/INR -Decrease by -2% (March 31, 2019-2%)*	(4.32)	(8.13)
GBP sensitivity		
GBP/INR -Increase by 8% (March 31, 2019-8%)*	(45.87)	(44.50)
GBP/INR -Decrease by -8% (March 31, 2019-8%)*	45.87	44.50

* * Holding all other variables constant

iii) Interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During March 31, 2020 and March 31, 2019, the Group's borrowings at variable rate were mainly denominated in INR, USD, CAD and GBP.

a) Interest rate risk exposure

The Group's interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

As a part of Group's interest risk management policy, treasury department closely tracks the base interest rate movements on regular basis. Based on regular review, management assesses the need to enter into interest rate swaps contracts to hedge interest rate risk. Management reviews the future movement in base rate against different factors such as overall micro and macro economic factors, liquidity in the system, expected spending cycle. Further on regular basis management assess the possibility of entering into new facilities which would reduce the future finance cost which helps management to mitigate the risk related to interest rate movement.

All the borrowing are at floating rate, except for those disclosed as fixed rate borrowings under note 18.

b) **Sensitivity**

The Group's policy is to minimize interest rate cash flow risk exposures on borrowing. The Company has exposure to foreign currency as well as local currency. The local currency loans are linked to bank base rate/ marginal cost of funds based lending (MCLR) whereas foreign currency loans are majorly linked with USD libor linked rates.

The sensitivity of profit or loss to changes in the interest rates arises.

Rs. in million

Particulars	Impact on profit before tax	
	March 31, 2020	March 31, 2019
Interest rates — increase by 25 basis points (25 bps) *	(54.56)	(53.38)
Interest rates — decrease by 25 basis points (25 bps) *	54.56	53.38

* Holding all other variables constant

The bank deposits are placed on fixed rate of interest of approximately 5% to 9%. As the interest rate does not vary unless such deposits are withdrawn and renewed, interest rate risk is considered to be low.

Note 42 : Fair value measurements

A. Accounting classifications and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy.

Rs. in million

"March 31, 2020 Carrying amounts and fair values of financial assets and financial liabilities"	Carrying amounts valued at				Fair value			
	FVTPL	Amortised Cost	Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value*								
Investment	-	0.03	-	0.03				
Security deposits	-	259.05	-	259.05				
Trade receivables	-	11,452.14	-	11,452.14				
Insurance claim receivable	-	-	-	-				
Cash and cash equivalents	-	1,287.43	-	1,287.43				
Term deposits with banks	-	483.50	-	483.50				
Other financial assets	-	154.28	-	154.28				
Total financial assets	**-**	**13,636.43**	**-**	**13,636.43**				
Financial liabilities not measured at fair value*								
Long term borrowings (including current maturities)	-	8,984.48	-	8,984.48				
Short term borrowings	-	12,711.74	-	12,711.74				
Lease Liabilities		1,571.22		1,571.22				
Trade deposits	-	121.10	-	121.10				
Trade payables	-	7,406.63	-	7,406.63				
Creditors for capital assets	-	792.46	-	792.46				
Other financial liabilities	-	1,708.53	-	1,708.53				
Financial liabilities measured at fair value								
Consideration (including contingent consideration) payable towards acquisition of subsidiary	2,425.47	1,065.49	-	3,490.96	-	-	2,425.47	2,425.47
Mark to market loss on forward exchange contract		-		-	-		-	-
Total financial liabilities	**2,425.47**	**34,361.65**	**-**	**36,787.12**	**-**	**-**	**2,425.47**	**2,425.47**

Rs. in million

"March 31, 2019 Carrying amounts and fair values of financial assets and financial liabilities"	Carrying amounts valued at				Fair value			
	FVTPL	Amortised Cost	Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value*								
Investment	-	0.04	-	0.04				
Security deposits	-	240.61	-	240.61				
Trade receivables	-	9,720.35	-	9,720.35				
Insurance claim receivable	-	416.20	-	416.20				
Cash and cash equivalents	-	914.47	-	914.47				
Term deposits with banks	-	213.05	-	213.05				
Other financial assets	-	280.03	-	280.03				
Total financial assets	**-**	**11,784.75**	**-**	**11,784.75**				

"March 31, 2019 Carrying amounts and fair values of financial assets and financial liabilities"	Carrying amounts valued at				Fair value			
	FVTPL	Amortised Cost	Cost	Total	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value*								
Long term borrowings (including current maturities)	-	10,414.46	-	10,414.46				
Short term borrowings		10,868.40	-	10,868.40				
Trade deposits		123.82	-	123.82				
Trade payables		6,853.01	-	6,853.01				
Creditors for capital assets		943.60	-	943.60				
Other financial liabilities		2,029.70	-	2,029.70				
Financial liabilities measured at fair value								
Consideration (including contingent consideration) payable towards acquisition of subsidiary	2,175.06	977.71	-	3,152.77	-	-	2,175.06	2,175.06
Mark to market loss on forward exchange contract		-	-	-	-		-	-
Total financial liabilities	**2,175.06**	**32,210.70**	**-**	**34,385.76**	**-**	**-**	**2,175.06**	**2,175.06**

* The Group has not disclosed the fair value for financial instruments such as trade receivables, cash and cash equivalents, term deposits with banks, other financial assets and financial liabilities because their carrying amounts are a reasonable approximation of fair value, due to their short-term nature.

There are no transfers between any levels during the year ended March 31, 2020 and March 31, 2019.

B. Measurement of fair values

i. Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used. Related valuation process are described in Note .

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Contingent consideration	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast revenue and EBITDA, the amount to be paid under each scenario and the probability of each scenario.	- Forecast annual revenue growth rate - Forecast EBITDA margin - Risk-adjusted discount rate	The estimated fair value would increase (decrease) if: - the annual revenue growth rate were higher (lower); - the EBITDA margin were higher (lower); or - the risk adjusted discount rate were lower (higher). Generally a change in the annual revenue growth rate is accompanied by a directionally similar change in EBITDA margin.

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial instruments not measured at fair value	Discounted cash flows: The valuation model considers the present value of expected payment discounted using a risk-adjusted discount rate.	Risk adjusted discounting rate	The estimated fair value would increase (decrease) if: - the risk-adjusted discount rate were lower (higher)

ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

Estimating future cash flow and discounted cash flow analysis.

The fair values have been determined based on present values and the discount rates used were adjusted for counterparty credit risk.

C. Level 3 fair values:

i. Reconciliation of Level 3 fair values:

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

Rs. in million

Particulars	Contingent consideration payable towards acquisition of subsidiary
As at March 31, 2018	1,891.63
Interest accrued during the year	199.55
Change due to translation	83.88
As at March 31, 2019	2,175.06
Interest accrued during the year	219.55
Change due to translation	30.86
As at March 31, 2020	2,425.47

ii. Sensitivity analysis

For the fair values of contingent consideration, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

Contingent consideration

Rs. in million

Particulars	Profit or loss			
	March 31, 2020		March 31, 2019	
	Increase	Decrease	Increase	Decrease
Annual revenue growth rate (10% movement) *	NIL	NIL	NIL	571.42
EBITDA margin (5% movement) *	NIL	NIL	NIL	569.01
Risk adjusted discount rate (1% movement) *	11.54	(14.53)	30.14	(33.17)

Any further increase in Annual revenue growth rate and EBITDA margin will not have an impact on the contingent consideration since the consideration has been capped to a maximum of Rs. 2,384.06 million (CAD 48 Million) (refer note 63).

* Holding other variables as constant.

Note 43 : - Contingent liabilities (to the extent not provided for)

Claims against the Group not acknowledged as debts as at March 31, 2020

Rs. in million

Particulars	March 31, 2020	March 31, 2019
a) Provident fund	53.61	53.61
b) Sales/entry tax	36.58	22.61
c) Excise and service tax matters	10.94	14.06
d) Other matters	38.37	38.37
Total	**139.50**	**128.65**

Notes to the Consolidated Financial Statement

for the year ended March 31, 2020

Notes:

1) Pending resolution of the respective proceedings, it is not practicable for the Group to estimate the timing of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgement/decisions pending with various forums/authorities.

2) The Holding Company is also contesting other civil claims against the Holding Company not acknowledged as debts and the management believes that its position will likely be upheld in the appellate process.

3) There are numerous interpretative issues relating to the Supreme Court (SC) judgement dated 28th February, 2019, relating to components/allowances paid that need to be taken into account while computing an employer's contribution of provident fund under the Employees' Provident Funds and Miscellaneous Provident Act, 1952. The Holding Comapny has also obtained a legal opinion on the matter and basis the same there is no material impact on the consolidated financial statements as at 31 March 2020. The Group would record any further effect on the consolidated financial statements, on receiving additional clarity on the subject.

4) Further, the Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in the consolidated financial statements. The management believes that the ultimate outcome of above proceeding will not have a material adverse effect on the Group's financial position and results of operations.

Note 44 : - Other legal matters

Intellectual Property Matters:

a. Eli Lilly Co. v. Emcure Pharmaceuticals USA, Inc. and Emcure Pharmaceuticals Ltd., et al. (Pemetrexed Injection)

In August 2015, Eli Lilly Company filed suit against the Holding Company and its subsidiary Heritage Pharma Labs Inc. (erstwhile Emcure Pharmaceuticals USA, Inc.)(collectively "Emcure") alleging infringement of United States Patent No. 7,772,209 (the "'209 patent") in connection with its pemetrexed for injection, 500 mg/vial, product sold under the trade name ALIMTA®. In July 2016, the litigation was dismissed in favor of a consolidated inter partes review ("IPR") filed by Sandoz with multiple generics as co-defendants before the United States Patent and Trademark Office ("US PTO"). In October 2017, the US PTO issued a ruling on the '209 patent that was unfavorable to the generics. Sandoz filed an appeal of the US PTO's ruling in the IPR to the Federal Circuit.

Because Emcure declined to participate in Sandoz's appeal of the US PTO's ruling, in February 2018, the parties agreed to enter into an administrative closure of the litigation against Emcure in exchange for Emcure's agreement to be bound by a Stipulated Preliminary Injunction entered against Sandoz pending the appeal to the Federal Circuit that will prevent the launch of a generic pemetrexed for injection product prior to the expiration of the '209 patent.

On June 4, 2019, the Federal Circuit issued a ruling on the IPR appeal that was unfavorable to the generics. The Group now expects the branded product to be protected from competition from ANDA filers until May 2022, the day after the paediatric exclusivity associated with the '209 patent expires. At this stage in the proceedings, it is not possible to estimate the likelihood or extent of the Group's potential liability, if any.

b. Celgene Corporation v. Emcure Pharmaceuticals Ltd. and Heritage Pharmaceuticals Inc. (Apremilast Tablet)

In June 2018,November 2018 and April 2019, Celgene Corporation ("Celgene") filed suit against the Holding Company and its subsidiary Heritage Pharmaceuticals Inc. ("Heritage") (together "Emcure") alleging infringement of four U.S. patents: 7,427,638, 7,893,101, 9,872,854, and 10,092,541. Celgene based its infringement allegations on Emcure's filing of an ANDA seeking approval by the FDA to sell a generic version of an apremilast product sold under the trade name OTEZLA® prior to the expiration of each of these four asserted patentsIn August 2019, Amgen Inc. (Amgen) announced the purchase of OTEZLA® from Celgene and Amgen continued litigating this case against the Holding Company and Heritage as a substituted plaintiff.

In May 2020, the case was settled and the litigation was dismissed in its entirely with no liability established against the Emcure. Under the confidential terms of the settlement, Emcure received a license from Amgen to begin selling its generic apremilast product on a date prior to the expiration of the asserted patents.

c. Novartis Pharmaceutical Corp v. Emcure Pharmaceuticals Ltd. & Heritage Pharmaceuticals Inc. (Fingolimod Tablet)

In July 2018, Novartis Pharmaceuticals Corporation ("Novartis") filed two separa te suits against a number of defendants including the Company and its subsidiary Heritage Pharmaceuticals Inc. (together "Emcure") alleging infringement of two U.S. patents: 9,187,405 and 10,543,179. Novartis based its infringement allegations on Emcure's filing of an ANDA seeking approval by the FDA to sell a generic version of a tableted fingolimod product and sold under the trade name GILENYA® prior to the expiration of these two asserted patents.

In May 2020, the case was settled and the litigation was dismissed in its entirely with no liability established against the Group. Under the confidential terms of the settlement, Emcure received a license from Novartis to begin selling its generic fingolimod product on a date prior to the expiration of the asserted patents.

d. Sumitomo Dainippon Pharma Co., Ltd., et al. v. Emcure Pharmaceuticals Ltd. and Heritage Pharma Labs Inc. (Lurasidone)

In January 2015, February 2018 and June 2018, Sumitomo Dainippon Pharma Co., Ltd. ("Sumitomo") and Sunovion Pharmaceuticals Inc. ("Sunovion") filed suit against the Holding Company and its subsidiary Heritage Pharma Labs Inc. (formerly Emcure Pharmaceuticals USA, Inc.) (together "Emcure") alleging infringement of three U.S. patents: 5,532,372, 9,815,827 and 9,907,794. Sumitomo and Sunovion based their infringement allegations in connection with each of the above referenced patents on Emcure's filing of an ANDA seeking approval by the FDA to sell a generic version of a tableted lurasidone product prior to the expiration of such patents.

In November 2018, the case was settled and the litigation was dismissed in its entirely with no liability established against the Company. Under the confidential terms of the settlement, Emcure received a license from Sumitomo and Sunovion to begin selling its lurasidone product on a date prior to the expiration of the asserted patents.

Drug Pricing Matters:

Department of Justice (DOJ)

On December 2, 2015,Heritage Pharmaceuticals Inc (Heritage) learned that the United States Department of Justice, Antitrust Division ("DOJ") initiated an investigation into Heritage and its employees regarding alleged violations of U.S. antitrust laws, which prohibit contracting or conspiring to restrain trade or commerce. In support of that investigation, the DOJ executed relevant search warrants at the Heritage's premises and at the residence of one of the Heritage's national accounts managers. In addition, the DOJ served grand jury subpoenas on the Heritage, and several current and former employees, which sought a variety of materials and data relevant to Heritage's generic drug business. The Heritage fully cooperated with the DOJ and responded to its subpoenas.

On May 7, 2018, Heritage received a civil investigative demand from the United States Department of Justice, Civil Division ("DOJ Civil") seeking documents and information in connection with a simultaneous investigation under the False Claims Act.

On May 31, 2019, Heritage announced that it entered into a deferred prosecution agreement ("DPA") with the DOJ relating to a one-count Information for a conspiracy involving glyburide. In conjunction with the DPA, Heritage agreed to pay a USD 225,000 fine. In addition, Heritage also announced that it separately agreed to a settlement with DOJ Civil to resolve potential civil liability under the False Claims Act in connection with the same antitrust conduct. Under the terms of the settlement with DOJ Civil, Heritage agreed to pay USD 7.1 million. These resolutions fully resolve Heritage's potential exposure in connection with the DOJ's ongoing investigation into the generics pharmaceutical industry and have been provided for in the financial statements for year ended March 31, 2019.

In addition to the above, on May 31, 2019, Emcure Pharmaceuticals Limited (Holding company) also entered into a cooperation and non-prosecution agreement ("NPA") with DOJ under which the holding company, and its current officers, directors, and employees received non-prosecution protection in exchange for its agreement to provide cooperation into the DOJ's investigation. This resolution fully resolves the Holding Company and its current officers, directors, and employees from potential exposure in connection with the DOJ's ongoing investigation into the generics pharmaceutical industry.

Attorneys General Litigation

On December 21, 2015,Heritage Pharmaceuticals Inc (Heritage) received a subpoena and interrogatories from the Connecticut Office of the Attorney General seeking information relating to the marketing, pricing and sale of certain of Heritage's generic products (including generic doxycycline) and communications with competitors about such products. On December 14, 2016, attorneys general of twenty states filed a complaint in the United States District Court for the District of Connecticut against several generic pharmaceutical drug manufacturers, including Heritage, alleging anticompetitive conduct with respect to, among other things, doxycycline hyclate DR. The complaint was subsequently amended to add certain attorneys general alleging violations of federal and state antitrust laws, as well as violations of various states' consumer protection laws. This lawsuit has been transferred to the aforementioned MDL proceeding in the Easter District of Pennsylvania. On October 31, 2017, attorneys general of forty-five states, the District of Columbia and the Commonwealth of Puerto Rico filed a motion for leave to file a consolidated amended complaint ("proposed amended complaint") against various drug manufacturers, including Heritage. The proposed amended complaint was permitted and was filed on June 18, 2018 and included two additional states. Heritage is alleged to have engaged in anticompetitive conduct with respect to fifteen different drugs: acetazolamide; doxycycline monohydrate, doxycycline hyclate DR, fosinopril-HCTZ, glipizide-metformin, glyburide, glyburide-metformin, leflunomide, meprobamate, nimodipine, nystatin, paromomycin, theophylline, verapamil, and zoledronic acid. The amended complaint also includes claims asserted by attorneys general of thirty-seven states and the Commonwealth of Puerto Rico against Heritage, the Holding Company and certain individuals, including Holding Company's Chief Executive Officer, Satish Mehta, with respect to doxycycline hyclate DR. The allegations in the amended complaint are similar to those in the previously filed complaints.

At this stage in the proceedings, it is not possible to estimate the likelihood or extent of the liability, if any.

Private Plaintiffs' Litigation against Heritage and Other Defendants

Beginning in 2016, Heritage, along with other manufacturers, has been named as a defendant in lawsuits generally alleging anticompetitive conduct with respect to generic drugs. The lawsuits have been filed by putative classes of direct and indirect purchasers, indirect resellers, as well as individual direct and indirect purchasers. They allege harm under federal and state antitrust laws, state consumer protection laws and unjust enrichment claims. Some of the lawsuits also name Emcure and Emcure's Chief Executive Officer, Satish Mehta, as defendants and include allegations against them with respect to doxycycline hyclate DR. The lawsuits have been consolidated in an MDL proceeding in the Eastern District of Pennsylvania. The Court has sequenced these lawsuits into separate groups for purposes of briefing motions to dismiss. Defendants filed motions to dismiss complaints in the first group. On October 16, 2018, the Court denied the motions with respect to the federal law claims. On February 15, 2019, the Court granted in part and denied in part the motions with respect to the state law claims.

At this stage in the proceedings, it is not possible to estimate the likelihood or extent of the Heritage's potential liability, if any.

Litigation by Heritage against its Former Executives

On November 10, 2016,Heritage Pharmaceuticals Inc (Heritage) filed a complaint against former executives Jeffrey Glazer and Jason Malek in the U.S. District Court for the District of New Jersey, alleging that Glazer and Malek engaged in fraud and racketeering conduct. The complaint asserts claims under the federal RICO statute, the New Jersey RICO statute, for breach of the fiduciary duty of loyalty, for fraudulent inducement of employment contracts, for unjust enrichment, for breach of contract, and for theft of trade secrets. The case, which is captioned Heritage Pharmaceuticals Inc. v. Glazer, et al., Case No. 16-cv-8483, has been assigned to the Honorable Peter G. Sheridan.

In July 2019, the case was settled under confidential terms and the litigation was dismissed in its entirety with no liability established against Heritage.

Other Litigation Matters Filed Against Heritage

Metformin Litigation

In March 2020, the Heritage Pharmaceuticals Inc (Heritage) received notice that three purported class actions were filed against a number of defendants, including the Company, alleging personal injuries in connection with alleged elevated levels of N-Nitrosodimethylamine ("NDMA") contained in a Metformin IR product manufactured by a third party manufacturer and sold by Heritage. Each of the three cases are pending in the United States District Court, District of New Jersey, and captioned Harris v. Aurobindo Pharma Ltd., et al., Civil Action No.: 20-3350; Hann v. Heritage Pharmaceuticals Inc. d/b/a Avet Pharmaceuticals Inc., Civil Action No.: 20-3415; and MSP Recovery Claims, Series LLC v. Aurobindo Pharma Ltd, et al., Civil Action No.: 20-6609. On June 23, 2020, a fourth purported class action – Sandoval v. Heritage Pharmaceuticals Inc. – was filed in California Superior Court, Los Angeles County, similarly alleging personal injuries in connection with alleged elevated NDMA levels contained in a Metformin IR product manufactured by a third party manufacturer and sold by Heritage.

Heritage denies any liability and fully intends to defend these claims.In addition, Heritage also asserted a claim for indemnification, and tendered its defense, in each of the lawsuits to the third party manufacturer, and the indemnity and defense claim was accepted by third party manufacturer.

At this stage in the proceedings, it is not possible to estimate the likelihood or extent of the Heritage's potential liability, if any.

Ranitidine Litigation

In June 2020,Heritage Pharmaceuticals Inc (Heritage) received notice that three purported class actions have been filed against a number of defendants, including subsidiary Heritage Pharma Labs Inc., alleging personal injuries in connection with alleged elevated levels of NDMA contained in a ranitidine product. Both cases were consolidated into the ongoing multidistrict litigation captioned In re: Zantac (Ranitidine) Products Liability Litigation, MDL No. 2924, Case No. 20-MD-294, in the United States District Court, Southern District of Florida. In addition, on June 22, 2020, the MDL plaintiffs filed an amended master complaint that lists Heritage, Heritage Pharma Labs Inc., and the Holding Company as defendants.

The Group denies any liability and fully intends to defend these claims. At this stage in the proceedings, it is not possible to estimate the likelihood or extent of the Group's potential liability, if any.

Litigation against Marcan Pharmaceuticals Inc.

Marcan Pharmaceuticals Inc. ('Marcan'), along with certain other generic drug companies, has entered into a tolling agreement, as requested by a defendant of a class action claim that was filed in 2015. Marcan is not currently listed as a defendant in the class action claim. No provision has been made in the consolidated financial statements as the likelihood that the Company will incur a loss is undeterminable at this time.

General

From time to time, the Group is subject to various disputes, governmental and/or regulatory inquiries or investigations, and litigations, some of which result in losses, damages, fines and charges against the Company. While the Group intends to vigorously defend its position in the claims asserted against it, the ultimate resolution of a matter is often complex, time consuming, and difficult to predict. Therefore, except as described below, the Group does not currently have a reasonable basis to estimate the loss, or range of loss, that is reasonably possible with respect to matters disclosed in this note.

The Group records a provision in its financial statements to the extent that it concludes that a contingent liability is probable and the amount is estimable and has noted those contingencies below. The Group assessments involve complex judgments about future events and often rely heavily on estimates and assumptions. The Group also incurs significant legal fees and related expenses in the course of defending its positions even if the facts and circumstances of a particular litigation do not give rise to a provision in the financial statements.

Note 45 : - Capital and other commitments (to the extent not provided for)

A) Capital commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 530.52 million (March 31, 2019: Rs. 637.95 million).

B) Other commitments

a) The Group has a 100 per cent Export Oriented Unit (EOU) set up under the permission granted by the Office of the Development Commissioner of SEEPZ Special Economic Zone of the Government of India. The authorities have, inter alia, laid down the following conditions, failing which the Group may be liable for penal action:

i. The entire (100%) production shall be exported against hard currency except the sales in domestic tariff area admissible as per entitlement.

ii. The Export Oriented Unit of the Heritage shall be a positive net foreign exchange earner over a period of six years from the date of commencement of production.

As at the year end, the Group is in compliance with the condition laid down by the authorities and does not expect any non-compliance in future.

b) The Group has imported certain machinery under the Export Promotion Capital Goods (EPCG) Scheme and accordingly, has an export obligation of Rs. 38.20 million (March 31, 2019: Rs. 69.75 million).

In this respect, the Group has given bonds of Rs. 43.63 million (March 31, 2019: Rs 49.63 million) to the Commissioner of Customs.

Year of issue	Export obligation to be fulfilled	Unfulfilled export obligation			
		As at March 31, 2020		As at March 31, 2019	
		USD million	Rs. million	USD million	Rs. million
2016-17	2022-23	-	-	0.26	17.70
2017-18	2023-24	-	-	0.20	13.85
2018-19	2024-25	0.54	38.20	0.54	38.20
		0.54	**38.20**	**1.00**	**69.75**

Note 46 : - Earnings per share

Rs. in million

Particulars	March 31, 2020	March 31, 2019
Basic earnings per share		
A. Profit after tax attributable to equity shareholders (Rs. million)	836.07	1,950.81
B. Weighted average number of equity shares for the year	18,08,52,116	18,08,52,116
Basic earnings per share (Rs.) (A/B)	**4.62**	**10.79**
Diluted earnings per share		
C. Adjusted net profit for the year (Rs. million) (refer note below)	836.07	1,950.81
Weighted average number of equity shares for the year	18,08,52,116	18,08,52,116
Add: Effect of employee stock options*	-	-
D. Weighted average number of equity share (diluted) for the year	18,08,52,116	18,08,52,116
Adjusted EPS (Rs.) (C/D)	**4.62**	**10.79**
Face value per share (Rs.)	**10.00**	**10.00**

* The effect of conversion of potential equity share for the year ended March 31, 2020 and March 31, 2019 is excluded, since the impact on earnings per share is anti dilutive.

Notes to the Consolidated Financial Statement
for the year ended March 31, 2020

Note 47 : - Segment reporting
Primary reportable segment.

The Group's board of directors along with it's Managing director, examines the Group's performance and has identified single reportable segment, viz. 'Pharmaceuticals'. Board of directors primarily use revenue as a measure to assess the performance of the operating segment.

Secondary segment (By geographical segment)

The Group is domiciled in India. The amount of its revenue from external customers broken down by destination of shipment of goods is shown in the table below.

Rs. in million

Revenue from external customers	March 31, 2020	March 31, 2019
Sales (Net)		
India (A)	22,918.31	20,478.49
Outside India		
Europe	6,069.00	5,660.54
North America	15,784.83	15,551.56
Other continents	5,713.40	5,481.24
Outside India Total (B)	27,567.23	26,693.34
Total (A+B)	**50,485.54**	**47,171.83**

The Group does not earn revenue more than 10% of total revenue from single customer.

Non current assets used in the group's business across the locations are used interchangeably between geographical segments and accordingly management is of the view that separate disclosure of assets located in geographical location is not relevant.

Note 48 : - Related party disclosure

Related parties with whom there were transactions during the year and nature of relationship

Key Management Personnel: Whole Time Directors

Mr. Satish Mehta (Managing Director)

Mr. Mukund Gurjar (Executive Director)

Mr. Sunil Mehta (Executive Director)

Mrs. Namita Thapar (Chief Financial Officer and Executive Director)

Relatives of Key Management Personnel:

Mr. Sanjay Mehta

Mr. Vikas Thapar

Mr. Samit Mehta

Mr. Rutav Mehta

Mrs. Bhavna Mehta

Key Management Personnel: Other than Whole Time Directors

Mr. S.K. Bapat (Independent Director)

Mr. Humayun Dhanrajgir (Chairman and Independent Director)

Mr. Berjis Desai (Independent Director)

Dr. Girish Telang (Independent Director upto September 11, 2018)

Mr. Samonnoi Banerjee (Nominee of BC capital Investment IV Ltd)

Dr. Fakrul Sayeed (Director upto July 16, 2018)

Enterprise over which Key Management Personnel have control:

H.M. Sales Corporation

Uth Beverages Factory Pvt. Ltd.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2020

Rs. in million

Sr. No.	Description of the nature of the transaction	Volume of transactions during		Amount outstanding as at			
				March 31, 2020		March 31, 2019	
		2019-20	2018-19	Receivable	Payable	Receivable	Payable
1)	**Purchase of goods & services**						
	Uth Beverage Factory Pvt. Ltd.	-	0.50	-	-	-	-
2)	**Sale of goods and services**						
	Uth Beverage Factory Pvt. Ltd.	-	0.01	-	-	0.02	-
	H.M. Sales Corporation	8.96	-	10.07	-	-	-
3)	**Interest paid**						
	H.M. Sales Corporation	0.75	0.75	-	0.17	-	0.17
4)	**Deposits accepted**						
	H.M. Sales Corporation	-	-	-	10.00	-	10.00
5)	**Commission paid**						
	H.M. Sales Corporation	37.18	38.45	-	9.95	-	10.18
6)	**Reimbursement of expenses made**						
	Uth Beverage Factory Pvt. Ltd.	0.50	0.03	-	-	-	-
	H.M. Sales Corporation	4.82	0.71	-	0.78	-	0.00
7)	**Royalty expense**						
	Uth Beverage Factory Pvt. Ltd.	1.71	1.94	-	0.73	-	1.04
8)	**Remuneration paid**						
	Key management personnel: whole time directors						
	Mr. Satish Mehta	160.05	158.50	-	29.66	-	43.80
	Mr. Mukund Gurjar	40.79	38.23	-	9.39	-	9.10
	Mr. Sunil Mehta	21.01	18.66	-	6.93	-	6.67
	Mrs. Namita Thapar	23.70	21.43	-	5.10	-	5.10
	Key management personnel: relatives						
	Mr. Samit Mehta	22.04	19.42	-	5.43	-	5.39
	Mr. Vikas Thapar	24.95	24.91	-	5.18	-	5.47
	Mr. Sanjay Mehta	20.97	18.66	-	7.25	-	6.67
	Mr. Rutav Mehta	1.50	1.52	-	0.15	-	0.09
	Key management personnel: other than whole time directors						
	Dr. Fakrul Sayeed	-	43.12	-	-	-	9.46
9)	**Post-employment obligations and other long term employee benefits**						
	Key management personnel: whole time directors						
	Mr. Sunil Mehta	1.34	1.08	-	10.36	-	9.03
	Mrs. Namita Thapar	1.25	1.08	-	5.96	-	4.72
	Key management personnel: relatives						
	Mr. Samit Mehta	1.33	1.49	-	6.45	-	5.12
	Mr. Vikas Thapar	0.80	1.18	-	6.41	-	5.61
	Mr. Sanjay Mehta	1.58	0.77	-	9.59	-	8.00
	Mr. Rutav Mehta	0.05	0.04	-	0.15	-	0.10

Notes to the Consolidated Financial Statement

for the year ended March 31, 2020

Sr. No.	Description of the nature of the transaction	Volume of transactions during		Amount outstanding as at			
				March 31, 2020		March 31, 2019	
		2019-20	2018-19	Receivable	Payable	Receivable	Payable
10)	**Compensated absences Provisions**						
	Key management personnel: whole time directors						
	Mr. Satish Mehta	1.77	1.77	-	15.86	-	14.08
	Mr. Mukund Gurjar	0.02	0.33	-	3.61	-	3.58
	Mr. Sunil Mehta	0.08	0.08	-	1.46	-	1.37
	Mrs. Namita Thapar	0.37	0.35	-	2.58	-	2.21
	Key management personnel: relatives						
	Mr. Samit Mehta	0.34	0.46	-	2.24	-	1.90
	Mr. Vikas Thapar	0.13	0.36	-	2.75	-	2.62
	Mr. Sanjay Mehta	0.19	0.11	-	1.66	-	1.47
	Mr. Rutav Mehta	-	0.02	-	0.02	-	0.09
11)	**Employee share based payments**						
	Key management personnel: whole time directors						
	Mr. Vikas Thapar	6.32	0.64	-	32.02	-	25.70
	Key management personnel: other than whole time directors						
	Dr. Fakrul Sayeed	-	0.80	-	-	-	0.80
12)	**Stock appreciation rights**						
	Key management personnel: relatives						
	Mr. Vikas Thapar	1.42	-	-	-	-	2.11
13)	**Director fees Paid**						
	Key management personnel: whole time directors						
	Mr. Satish Mehta	-	3.49	-	-	-	0.87
	Key management personnel: relatives						
	Mr. Vikas Thapar	3.54	3.49	-	-	-	0.87
	Key management personnel: other than whole time directors						
	Dr. Fakrul Sayeed	-	4.75	-	-	-	1.19
14)	**Dividend Paid**						
	Key management personnel: whole time directors						
	Mr. Satish Mehta	190.57	341.04	-	-	-	-
	Mr. Mukund Gurjar	0.74	1.33	-	-	-	-
	Mr. Sunil Mehta	27.91	49.93	-	-	-	-
	Mrs. Namita Thapar	15.85	28.53	-	-	-	-
	Key management personnel: relatives						
	Mr. Samit Mehta	33.87	60.96	-	-	-	-
	Mr. Vikas Thapar	0.94	1.69	-	-	-	-
	Mr. Sanjay Mehta	39.61	70.99	-	-	-	-
	Mrs. Bhavna Mehta	23.14	42.25	-	-	-	-
	Mr. Rutav Mehta	11.45	4.84	-	-	-	-
15)	**Commission Paid**						
	Key management personnel: other than whole time directors						
	Mr. S.K. Bapat	5.90	5.90	-	5.90	-	6.00
	Mr. Humayun Dhanrajgir	2.00	3.20	-	2.00	-	3.00
	Mr. Berjis Desai	2.50	3.80	-	2.50	-	3.60
	Dr. Girish Telang	-	-	-	-	-	10.00

Rs. in million

Sr. No.	Description of the nature of the transaction	Volume of transactions during		Amount outstanding as at			
		2019-20	2018-19	March 31, 2020		March 31, 2019	
				Receivable	Payable	Receivable	Payable
16)	**Sitting fees Paid**						
	Key management personnel: whole time directors						
	Mr. Satish Mehta	3.54	3.49	-	-	-	0.87
	Key management personnel: relatives						
	Mr. Vikas Thapar	3.54	3.49	-	-	-	0.87
	Key management personnel: other than whole time directors						
	Mr. S.K. Bapat	0.67	0.47	-	-	-	-
	Mr. Humayun Dhanrajgir	0.06	0.16	-	-	-	-
	Mr. Berjis Desai	0.28	0.20	-	-	-	-
	Mr. Samonnoi Banerjee	0.16	0.12	-	-	-	-
	Dr. Fakrul Sayeed	-	4.75	-	-	-	1.19
17)	**Rent Paid**						
	Key management personnel: whole time directors						
	Mr. Sunil Mehta	0.33	0.33	-	-	-	-
	Key management personnel: relatives						
	Mr. Sanjay Mehta	0.33	0.33	-	-	-	-
	Mrs. Bhavna Mehta	0.24	0.24				

Note 49 : Post-Employment Benefits:

a) Defined contribution plans

The Group has certain defined contribution plans. Contributions are made as per local regulations. The contributions are made to registered provident/other fund administered by the government. The obligation of the holding company and two of its Indian subsidiaries are limited to the amount contributed and it has no further contractual nor any constructive obligation.

Contributions are made to employees family pension fund in India for employees as per local regulations. The contributions are made to provident fund administered by the government. The obligation of the holding company and two of its indian subsidiaries are limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is Rs. 131.69 million (March 31, 2019 Rs. 114.00 million).

Defined contribution plans: The group has recognised the following amount in the Statement of Profit and Loss for the year.

Rs. in million

Particulars	March 31, 2020	March 31, 2019
i) Contribution to employees provident fund	221.81	196.65
ii) Contribution to employees family pension fund	131.69	114.00
iii) Contribution to Canada pension plan	5.27	3.40
iv) Contribution to defined contribution plan (401K)	44.15	40.47
v) Contribution to national insurance contributions	19.63	32.27
vi) Other defined Contribution plans	240.51	189.60
Total	**663.06**	**576.39**

b) Post-employment obligations

Gratuity

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Group makes contributions to recognised funds in India. The Group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2020

c) Defined benefit plans

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Rs. in million

Particulars	Present Value of Obligation	Fair Value of Plan assets	Total
As at April 1, 2018	**575.13**	**(446.78)**	**128.35**
Current service cost	101.06	-	101.06
Interest expenses/(income)	39.88	(36.05)	3.83
Mortality charges and taxes	-	5.07	5.07
Transfer In/(Out)	(0.73)	(0.43)	(1.16)
Total amount recognised in statement of profit and loss	**140.21**	**(31.41)**	**108.80**
Remeasurements			
- Return on plan assets, excluding amounts included in interest	-	(2.11)	(2.11)
- Defined benefit obligations	16.12	-	16.12
Total amount recognised in other comprehensive income	**16.12**	**(2.11)**	**14.01**
Employer contribution	-	(118.91)	(118.91)
Benefit payments	(57.15)	57.15	-
As at March 31, 2019	**674.31**	**(542.06)**	**132.25**
Current service cost	109.75	-	109.75
Interest expenses/(income)	43.95	(41.50)	2.45
Mortality charges and taxes	-	5.60	5.60
Transfer In/(Out)	0.54	(0.80)	(0.26)
Total amount recognised in statement of profit and loss	**154.24**	**(36.70)**	**117.54**
Remeasurements			
- Return on plan assets, excluding amounts included in interest expense/(income)	4.57	(2.30)	2.27
- Defined benefit obligations	69.49	(1.39)	68.10
Total amount recognised in other comprehensive income	**74.06**	**(3.69)**	**70.37**
Employer contribution	-	(168.64)	(168.64)
Benefit payments	(90.16)	90.16	-
As at March 31, 2020	**812.45**	**(660.93)**	**151.52**

d) The net liability disclosed above relates to funded and unfunded plans are as follows:

Rs. in million

Particulars	March 31, 2020	March 31, 2019
Present value of obligation	812.45	674.31
Fair value of plan assets	(660.93)	(542.06)
Deficit of funded plan	**151.52**	**132.25**

The Group has no legal obligation to settle the deficit in the funded plans with an immediate contribution or additional one off contributions. The Group intends to continue to contribute the defined benefit plans as per the demand from Life Insurance Corporation (LIC) of India.

Significant estimates: actuarial assumptions and sensitivity

Post-employment benefits (gratuity) - The significant actuarial assumptions were as follows:

Particulars	March 31, 2020	March 31, 2019
a) Discount rate	5.5% - 6.4%	6.8% - 7.7%
b) Expected rate of return on plan assets	6.8% - 7.7%	7.2%-7.7%
c) Salary escalation rate	8% - 10%	8%-10%

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

e) Sensitivity analysis: The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions

Particulars	Change in assumption		Increase in assumption		Decrease in assumption	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Discount rate	1.00%	1.00%	(29.56)	(24.01)	32.09	26.01
Salary escalation rate	1.00%	1.00%	23.51	19.26	(22.08)	(18.10)
Withdrawal rate	1.00%	1.00%	(3.84)	(2.13)	4.12	2.27

Assumptions regarding future mortality for gratuity benefit is set based on actuarial advice in accordance with published statistics and experience in India.

f) Risk exposure

Through its defined benefit plans, the group is exposed to a number of risks, the most significant of which are detailed:

i) Asset volatility : The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. All assets are maintained with fund managed by LIC of India.

ii) Changes in bond yields: A decrease in bond yields will increase plan liabilities.

iii) Future salary escalation and inflation risk : Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the group is successfully able to neutralize valuation swings caused by interest rate movements. Hence group is encouraged to adopt asset-liability management.

The Group's all assets are maintained in a fund managed by LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

g) Defined benefit liability and employer contributions

The Group has agreed that it will aim to eliminate the deficit in gratuity plan over the years. Funding levels are assessed by LIC on annual basis and the Group makes contribution as per the instructions received from LIC. The Group compares the expected contribution to the plan as provided by actuary with the instruction from LIC and assesses whether any additional contribution may be required. The Group considers the future expected contribution will not be significantly increased as compared to actual contribution.

Expected contributions to post-employment benefit plans for the year ending March 31, 2021 are INR 130.80 million.

The weighted average duration of the defined benefit obligation ranged between 3.19 - 9.20 years (March 31, 2019 - 3.04 - 9.20 years). The expected maturity analysis of gratuity is as follows:

Rs. in million

Particulars	Less than 1 year	between 1-2 years	between 2-5 years	over 5 years	Total
As at March 31, 2020					
Defined benefit obligation - gratuity	214.00	162.75	404.64	441.86	1,223.25
As at March 31, 2019					
Defined benefit obligation - gratuity	171.05	144.73	349.92	423.09	1,088.79

h) Major plan assets

Rs. in million

Particulars	March 31, 2020	March 31, 2019
	Unquoted	Unquoted
Investment funds		
- Insurance funds (LIC Pension and Group Schemes fund)	660.93	542.06
Total	**660.93**	**542.06**

The category wise details of the plan assets is not available as it's maintained by LIC.

Note 50 : Employees stock option plan

As at 31 March 2019, the Group has the following share-based payment arrangement:

i. Share option plans (equity settled)

Emcure ESOS 2013" : The Board vide its resolution dated October 10, 2013, March 14, 2016, July 07, 2017, Nov 01, 2018, Dec 01, 2018, Feb 01, 2019, Jun 06, 2019, Nov 08, 2019, Feb 04,2020 granted 710,000, 145,000, 100,000, 840,000, 240,000, 230,000, 625,000, 455,000 & 70,000 Employee Stock Options respectively to the eligible employees under "Emcure ESOS 2013" in compliance with the provisions of the applicable law and rules framed thereunder. The eligible employees, including directors, are determined by the Remuneration Committee from time to time. These options will vest over period of 3 to 5 years from the grant date and are subject to the condition of continued service of the employees.

Once vested the option can be exercised within 5 years from date of Initial Public Offer (IPO). The exercise price of the options is equal to fair market value of the shares as determined by an independent valuer as at grant dates. If IPO does not take place or shares are not listed within 2 years from the date of grant, Remuneration committee at its sole discretion, subject to prior approval of the Company's shareholders' can settle the vested options in cash or allow exercise of option before listing at a price arrived at by an independent valuer. However no options have been settled in cash or allowed to be exercised during the year ended March 31, 2020.

Options granted under this scheme carry no dividend or voting rights. When exercised, one option is convertible into one equity share.

Set out below is a summary of the options granted under the plan:

Particulars	Tranche - 1			Tranche - 2			Tranche - 3		
	Exercise Price	March 31, 2020	March 31, 2019	Exercise Price	March 31, 2020	March 31, 2019	Exercise Price	March 31, 2020	March 31, 2019
Date of grant	**October 01, 2013**			**March 14, 2016**			**July 7, 2017**		
Opening balance	221.25*	14,00,000	16,00,000	508.75*	1,20,000	5,80,000	300	1,00,000	1,00,000
Grant during the year	-	-	-	-	-	-	-	-	-
Cancelled during the year	221.25*	(1,90,000)	(2,00,000)	508.75*	(60,000)	(4,60,000)	300	(1,00,000)	-
Exercised during the year	-	-	-	-	-	-	-	-	-
Closing balance	**221.25***	**12,10,000**	**14,00,000**	**508.75***	**60,000**	**1,20,000**	**300**	**-**	**1,00,000**
Vested		-	-		-	-		-	-
Exercisable		-	-		-	-		-	-

Particulars	Tranche - 4			Tranche - 5			Tranche - 6		
	Exercise Price	March 31, 2020	March 31, 2019	Exercise Price	March 31, 2020	March 31, 2019	Exercise Price	March 31, 2020	March 31, 2019
Date of grant	**November 01, 2018**			**December 01, 2018**			**February 01, 2019**		
Opening balance	-	8,40,000	-	-	2,40,000	-	-	2,30,000	-
Grant during the year	522.00	-	8,40,000	522.00	-	2,40,000	522.00	-	2,30,000
Cancelled during the year	-	-	-	-	-	-	522.00	(90,000)	-
Exercised during the year	-	-	-	-	-	-	-	-	-
Closing balance	**522.00**	**8,40,000**	**8,40,000**	**522.00**	**2,40,000**	**2,40,000**	**522.00**	**1,40,000**	**2,30,000**
Vested		**-**	**-**		**-**	**-**		**-**	**-**
Exercisable		-	-		-	-		-	-

Notes to the Consolidated Financial Statement
for the year ended March 31, 2020

Particulars	Tranche - 7			Tranche - 8			Tranche - 9		
	Exercise Price	March 31, 2020	March 31, 2019	Exercise Price	March 31, 2020	March 31, 2019	Exercise Price	March 31, 2020	March 31, 2019
Date of grant	**June 06, 2019**			**November 08, 2019**			**February 04, 2020**		
Opening balance	-	-	-	-	-	-	-	-	-
Grant during the year	522.00	6,25,000	-	580.00	4,55,000	-	580.00	70,000	-
Cancelled during the year	-	-	-	-	-	-	-	-	-
Exercised during the year	-	-	-	-	-	-	-	-	-
Closing balance	**522.00**	**6,25,000**	**-**	**580.00**	**4,55,000**	**-**	**580.00**	**70,000**	**-**
Vested		-	-		-	-		-	-
Exercisable		-	-		-	-		-	-

**During the year ended March 31, 2016, the Group had issued bonus shares to its shareholders in the ratio of 3:1. Correspondingly, proportionate adjustment has been made by increasing the number of options granted and reducing exercise price per option. Board of directors vide resolution dated January 29, 2016 have approved the adjustments to options granted.*

No options have expired during the periods covered in the above table.

Share options outstanding at the end of the year have the following exercise prices:

Grant Date	Exercise Share option price (Rs.) March 31, 2020	Number of share options March 31, 2020	Exercise Share option price (Rs.) March 31, 2019	Number of share options March 31, 2019
October 1, 2013	221.25	12,10,000	221.25	14,00,000
March 14, 2016	508.75	60,000	508.75	1,20,000
July 07, 2017	300.00	-	300.00	1,00,000
November 01, 2018	522.00	8,40,000	522.00	8,40,000
December 01, 2018	522.00	2,40,000	522.00	2,40,000
February 01, 2019	522.00	1,40,000	522.00	2,30,000
June 06, 2019	522.00	6,25,000	-	-
November 08, 2019	580.00	4,55,000	-	-
February 04, 2020	580.00	70,000	-	-
Total	**430.17**	**36,40,000**	**370.18**	**29,30,000**
"Weighted average remaining contractual life of options"	**7.09 Years**		**7.09 Years**	

Fair value of equity settled share based payment arrangements:

1,1,50,000 employee stock options were granted during the year ended March 31, 2020. The fair value as at grant date is determined using the Black Scholes Merton Model which takes into account the exercise price, term of option, share price at grant date, expected price volatility of underlying share, expected dividend yield and risk free interest rate for the term of option.

The model inputs for options granted during the year ended March 31, 2020 included:

Sr.	Particulars	Tranche 7	Tranche 8	Tranche 9
a.	Options granted	6,25,000	4,55,000	70,000
b.	Exercise Price Rs.	522.00	580.00	580.0
c.	Share Price at grant date	522.00	580.00	580.0
d.	Date of grant	06-Jun-19	08-Nov-19	04-Feb-20
e.	Expected price volatility of the company`s shares	29.8% - 29.9%	29.7% - 30.3%	29.80%
f.	Expected dividend yield	1.00%	1.00%	1.00%
g.	Risk free interest rate	6.84%	6.18%	6.31%
h.	Expected life of options	2.88 - 3.53	2.60 - 3.36	3.26

Volatility is a measure of the movement in the prices of the underlying assets. Since the Company is an unlisted Company, volatility of similar listed entities has been considered. Expected volatility has been based on an evaluation of the historical volatility of the similar listed entities (peers) share price, particularly over the historical period commensurate with the expected term. The expected term of the instrument has been based on historical experience and general option holder behaviour.

Expenses recognised in statement of profit and loss:

Rs. in million

Particulars	March 31, 2020	March 31, 2019
Employee share-based payment	144.19	52.87

Note 51 : - Stock appreciation rights

The Group through its step down subsidiary, Heritage Pharmaceuticals Inc ("Heritage") had entered into Stock Appreciation Rights Agreement (the "Plan") with certain employees to grant stock appreciation rights (SARs) under a stock incentive plan.

The stock appreciation rights have been considered as cash settled options and classified as a liability.

Heritage, vide board resolution passed on April 26, 2019 has decided to cease issuing new SAR awards under the SAR plan and to settle, resolve, discharge any vested awards that were previously issued under the SAR plan to current or former employees, advisors or consultants that remain open and unpaid as of the date thereof. It has also been resolved that on settlement and discharge of all open SAR awards, Heritage will terminate and wind up the SAR plan.

As on March 31, 2020, The liability for SARs granted to current employees is estimated at US$ 0.16 Million (Rs. 12.11 Million). In addition to this, Heritage is carrying SAR provision of US$1.25 Million (Rs. 94.41 Million) (towards erstwhile employee who has left the organisation) which was freezed as on the date the employee left the organisation.

As on March 31, 2019, SARs were out of money (except SARs which are granted at 2011 baseline). The liability for SARs granted to current employees was estimated at US$ 0.29 Million (Rs. 20.4 Million).In addition to this, as on 31.03.2019,Heritage was carrying SAR provision of US$1.25 Million (Rs. 87.8 Million) (towards erstwhile employee who has left the organisation) which was freezed as on the date the employee left the organisation.

During the year ended March 31, 2019, the SAR liability was reduced by US$ 17.72 million (Rs. 1,238.52 Million) of which US$ 14.23 million (Rs. 994.28 Million) relates to SAR liability written back for former executives pursuant to settlement agreement entered with such executives as per which the group's liability for the amount pertaining to the vested SARs has ceased subsequent to the year ended March 31, 2019 (also disclosed in exceptional items -refer note 36). Further SAR liability amounting to US$ 3.49 Million (Rs. 244.24) has reduced on account of changes in fair value of the SAR as at March 31, 2019 vis-a-vis that as at March 31, 2018

Note no. 52 - Impairment assessment for goodwill

Goodwill is tested for impairment on an annual basis. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to a the Group's Cash Generating Unit (CGU) or groups of CGUs expected to benefit from the synergies arising from the business combinations. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Particulars	March 31, 2020	March 31, 2019
Opening balance	**3,760.41**	**3,555.20**
Impact of foreign currency translation	171.32	214.51
Impairment during the year	(39.83)	(9.30)
Closing balance	**3,891.90**	**3,760.41**

Impairment occurs when the carrying amount of a CGU, including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of CGU is higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of the future cash flows expected to be derived from the CGU.

The carrying amount was computed by allocating the net assets to the CGU for the purpose of impairment testing.

Value-in-use is calculated using after tax assumptions. The use of after tax assumptions does not result in a value-in-use that is materially different from the value-in-use that would result if the calculation was performed using before tax assumptions.

The average range of key assumptions used for the calculations are as follows:

Particulars	March 31, 2020	March 31, 2019
Long term growth rate	9%-17.5%	3%-25%
After tax discount rate	6.96%-11.00%	7%-12.95%
Terminal growth rate	1%	1%-2%

Based on the above, no impairment was identified as of March 31, 2020 and March 31, 2019 as the recoverable value of the CGUs exceeded the carrying value except for the impairment loss recognised on the goodwill pertaining to subsidiary in New Zealand aggregating to INR 39.83 million (31 March 2019 : INR 9.30 million). An analysis of the calculation's sensitivity to a change in the key parameters (revenue growth, operating margin, discount rate and long-term growth rate) based on reasonably probable assumptions, did not identify any probable scenarios where the recoverable amount of the CGU would fall below the respective carrying amounts of non financials assets.

Note 53 : Leases

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian AccountingStandards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existinglease standard, Ind AS 17 Leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.
The Group adopted Ind AS 116 on 01 April 2019, using the modified retrospective transition method and used the effective date as the date of initial application. Consequently, financial information is not updated and the disclosures required under Ind AS 116 are not provided for dates and periods before 01 April 2019.
For transition, the Group has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by lease basis.

On transition, the Group recognised a lease liability measured at the present value of the remaining lease payments.

The right-of-use asset is initially recognised at an amount equivalent to the lease liability, adjusted by amount of any accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

Accordingly,lease liability of Rs.1,862.72 million has been recognized & right-of-use asset of Rs. 1,846.80 million has been recognised after adjusting lease equlisation levy of Rs. 15.92 million against right of use asset.

The weighted average incremental borrowing rate in range of 2.5% - 10.20% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.

The Group has leases that were classified as finance leases applying Ind AS 17. For such leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of Ind AS 116 is the carrying amount of the lease asset and lease liability on the transition date as measured applying Ind AS 17. Accordingly, an amount of Rs. 902.26 million has been reclassified from property, plant and equipment to right-of-use assets. An amount of Rs. Nil has been reclassified from other current financial liabilities to lease liability.

The Group is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor.

Lease contracts entered by the Group majorly pertains for land & buildings taken on lease to conduct its business in the ordinary course. Information about leases for which the Group is lesee is presented as below:

Right-Of -Use Of Asset

Particulars	Land	Land & Building	Total
Intial recognition as on 1st April,2019	6.73	1,840.07	1,846.80
Reclassification from property, plant & equipment	902.26	-	902.26
Reclassification from prepaid expenses with respect to fair valuation of security deposit given on assets taken on lease		10.60	10.60
Depreciation charge for the year	(10.28)	(358.90)	(369.18)
Translation exchange differences		(9.07)	(9.07)
Balance As On 31st March 2020	**898.71**	**1,482.70**	**2,381.41**

Sensitivity:

Lease Liabilities

Maturity analysis - contractual undiscounted cash flows-

Particulars	March 31, 2020
Less than one year	395.23
One to five years	1,154.31
More than five years	666.21
Total undiscounted lease liabilities as on 31st March, 2020	**2,215.75**

Particulars	March 31, 2020
Lease liabilities included in the balance sheet	**1,571.22**
Current	297.23
Non-current	1,273.99

Amount recognised in statement of Profit or Loss

Rs. in million

Particulars	March 31, 2020
Interest on lease liabilities	(122.12)
Depreciation on ROU	(369.18)
Expenses relating to short term leases	(20.48)
Expenses relating to leases of low value assets	(11.76)
Expenses relating to variable lease payments	(4.88)
Total	**(528.42)**

Cash flow from financing acitivities

Repayment of Lease Liabilities	(415.54)

Note 54 : - Revenue from contracts with customer

Rs. in million

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Revenue recognised from contracts with customers	50,485.54	47,171.83
Disaggregation of revenue		
Based on markets		
Within India	22,918.31	20,478.49
Outside India -		
a. Europe	6,069.00	5,660.54
b. North America	15,784.83	15,551.56
c. Other continents	5,713.40	5,481.24
Total	**50,485.54**	**47,171.83**
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	99.07	136.32
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-	-

There is no significant change in the contract assets and liabilities.

The Group satisfies its performance obligations pertaining to the sale of goods at point in time when the control of goods is actually transferred to the customers. No significant judgment is involved in evaluating when a customer obtains control of promised goods. The contract with customers are generally fixed price contract subject to refund due to returns or chargeback claims and do not contain any financing component. The payment is generally due within 7-180 days. The Company is obliged for returns/refunds due to expiry, saleable returns and chargeback claims. There are no other significant obligations attached in the contract with customer.

There is no significant judgement involved in ascertaining the timing of satisfaction of performance obligation and in evaluating when a customer obtains control of promised goods. Transaction price ascertained for the performance obligation of the Group is agreed in the contract with the customer, which also include variable consideration.

Reconciliation of contract price with revenue recognised in statement of profit and loss:

Rs. in million

Particulars	March 31, 2020	March 31, 2019
Contract price	82521.76	84,434.03
Less:		
Chargebacks claims	(30,333.49)	(35,590.57)
Amount recognised as sales returns & breakage expiry	(1,678.03)	(1,671.63)
Allowance for interest loss	(24.70)	-
Revenue recognised in statement of profit and loss	**50,485.54**	**47,171.83**

Notes to the Consolidated Financial Statement
for the year ended March 31, 2020

Changes in accounting policies

Impact on the financial statements

Effective April 1, 2018, the Company has adopted Ind AS 115 "Revenue from Contracts with Customers" using the modified retrospective method. The adoption of the standard did not have any material impact on the financial statements of the Group.

Note 55 : - Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

Rs. in million

Particulars	Note	March 31, 2020	March 31, 2019
Current			
Financial assets			
Cash and cash equivalents	12	1,110.48	748.63
Bank balances other than above	13	109.91	128.42
Trade receivables	11	10,104.84	8,369.22
Other financial assets	14	43.64	6.11
Non-financial assets			
Inventories	10	11,287.45	10,943.95
Other current assets	15	402.81	304.77
Total current assets pledged as security		**23,059.13**	**20,501.10**
Non current			
Financial assets			
Deposits with banks	8	125.81	88.60
Security deposits	7	44.73	43.15
Property, plant and equipment, Capital work in progress and Intangibles assets and Intangible assets under development	2, 3, 4 & 5	18,938.52	22,088.86
Total non current assets pledged as security		**19,109.06**	**22,220.61**
Total assets pledged as security		**42,168.19**	**42,721.71**

The group has pledged investment in equity shares of Marcan Pharmaceuticals Inc., Emcure Pharma UK Ltd and Heritage Pharma Holdings Inc. against the loan obtained by respective subsidiary. At consolidated level these investments are eliminated.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2020

Note 56 : - Additional information required by Schedule III

Name of the entity in the group	Net assets (total assets minus total liabilities)		Share in profit / (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (Rs. In million)	As % of consolidated profit or loss	Amount (Rs. In million)	As % of consolidated other comprehensive income	Amount (Rs. In million)	As % of total comprehensive income	Amount (Rs. In million)
Parent								
Emcure Pharmaceuticals Limited								
March 31, 2020	96.5%	19,145.47	174.1%	1,751.99	-6.0%	(20.34)	128.8%	1,731.65
March 31, 2019	93.5%	17,775.10	135.6%	2,836.55	0.3%	1.09	116.8%	2,837.64
Subsidiaries								
Indian								
Gennova Biopharmaceuticals Limited								
March 31, 2020	5.6%	1,114.53	33.2%	333.86	-1.0%	(3.42)	24.6%	330.44
March 31, 2019	4.1%	781.78	6.9%	144.18	0.0%	(0.04)	5.9%	144.14
Zuventus Healthcare Limited								
March 31, 2020	11.9%	2,351.78	48.2%	484.45	-5.1%	(17.40)	34.7%	467.04
March 31, 2019	11.8%	2,250.28	19.7%	411.60	-2.4%	(8.10)	16.6%	403.50
Foreign								
Heritage Pharma Labs Inc.								
March 31, 2020	-9.4%	(1,857.71)	-60.6%	(609.95)	0	0	-45.4%	(609.95)
March 31, 2019	-5.9%	(1,120.73)	-38.3%	(800.31)	0.0%	-	-32.9%	(800.31)
Emcure Nigeria Limited								
March 31, 2020	-0.6%	(126.52)	-1.8%	(17.64)	0.0%	-	-1.3%	(17.64)
March 31, 2019	-0.6%	(113.75)	-0.9%	(17.86)	0.0%	-	-0.7%	(17.86)
Emcure Pharmaceuticals Mena FZ LLC.								
March 31, 2020	-2.1%	(426.16)	0.6%	6.22	0.0%	-	0.5%	6.22
March 31, 2019	-2.1%	(406.78)	2.4%	49.30	0.0%	-	2.0%	49.30
Emcure Pharmaceuticals South Africa (Pty) Limited								
March 31, 2020	-0.8%	(154.36)	-9.0%	(90.88)	0.0%	-	-6.8%	(90.88)
March 31, 2019	-0.6%	(112.44)	-0.3%	(5.66)	0.0%	-	-0.2%	(5.66)
Emcure Brasil Farmaceutica Ltda								
March 31, 2020	-0.7%	(130.75)	-7.9%	(79.04)	0.0%	-	-5.9%	(79.04)
March 31, 2019	-0.6%	(109.60)	-3.4%	(70.42)	0.0%	-	-2.9%	(70.42)

Name of the entity in the group	Net assets (total assets minus total liabilities)		Share in profit / (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (Rs. In million)	As % of consolidated profit or loss	Amount (Rs. In million)	As % of consolidated other comprehensive income	Amount (Rs. In million)	As % of total comprehensive income	Amount (Rs. In million)
Heritage Pharma Holdings Inc.								
March 31, 2020	-27.8%	(5,515.00)	88.0%	885.85	0.0%	-	65.9%	885.85
March 31, 2019	-33.1%	(6,283.69)	-7.9%	(165.99)	0.0%	-	-6.8%	(165.99)
Heritage Pharma Inc.								
March 31, 2020	54.7%	10,858.32	-151.3%	(1,522.45)	0.0%	-	-113.2%	(1,522.45)
March 31, 2019	60.6%	11,511.85	6.5%	134.99	0.0%	-	5.6%	134.99
Emcure Pharma UK Ltd								
March 31, 2020	7.8%	1,545.13	1.1%	11.23	0.0%	-	0.8%	11.23
March 31, 2019	4.8%	909.14	4.2%	88.50	0.0%	-	3.6%	88.50
Tillomed Pharma GmbH								
March 31, 2020	1.5%	293.88	-8.3%	(83.11)	0.0%	-	-6.2%	(83.11)
March 31, 2019	1.9%	363.73	-1.1%	(22.57)	0.0%	-	-0.9%	(22.57)
Tillomed Laboratories Ltd *								
March 31, 2020	2.9%	583.50	2.1%	21.32	0.0%	-	1.6%	21.32
March 31, 2019	2.9%	547.97	-9.3%	(194.36)	0.0%	-	-8.0%	(194.36)
Emcure Pharma Peru S.A.C.								
March 31, 2020	-0.1%	(27.35)	-0.4%	(3.56)	0.0%	-	-0.3%	(3.56)
March 31, 2019	-0.1%	(22.38)	-0.2%	(3.46)	0.0%	-	-0.1%	(3.46)
Emcure Pharma Mexico S.A. DE C.V.								
March 31, 2020	-0.4%	(73.99)	-3.9%	(39.18)	0.0%	-	-2.9%	(39.18)
March 31, 2019	-0.3%	(53.32)	-0.7%	(15.58)	0.0%	-	-0.6%	(15.58)
Marcan Pharmaceuticals Inc.								
March 31, 2020	-5.0%	(993.16)	-6.4%	(64.60)	0.0%	-	-4.8%	(64.60)
March 31, 2019	-4.8%	(916.49)	-16.9%	(353.76)	0.0%	-	-14.6%	(353.76)
Emcure Pharmaceuticals Pty Ltd								
March 31, 2020	0.1%	14.81	-3.0%	(30.64)	0.0%	-	-2.3%	(30.64)
March 31, 2019	0.3%	48.32	-0.3%	(5.99)	0.0%	-	-0.2%	(5.99)
Laboratories Tillomed Spain S.L.U.								
March 31, 2020	0.2%	47.94	0.9%	9.14	0.0%	-	0.7%	9.14
March 31, 2019	0.2%	36.45	0.8%	15.80	0.0%	-	0.7%	15.80

Name of the entity in the group	Net assets (total assets minus total liabilities)		Share in profit / (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (Rs. In million)	As % of consolidated profit or loss	Amount (Rs. In million)	As % of consolidated other comprehensive income	Amount (Rs. In million)	As % of total comprehensive income	Amount (Rs. In million)
Tillomed Italia S.R.L.								
March 31, 2020	0.3%	53.31	-4.9%	(49.64)	0.0%	-	-3.7%	(49.64)
March 31, 2019	0.2%	39.68	-3.1%	(64.26)	0.0%	-	-2.6%	(64.26)
Emcure NZ Limited								
March 31, 2020	0.0%	(4.32)	0.5%	4.64	0.0%	-	0.3%	4.64
March 31, 2019	0.0%	(9.12)	0.0%	0.19	0.0%	-	0.0%	0.19
Tillomed France SAS **								
March 31, 2020	0.2%	31.29	1.3%	13.08	0.0%	-	1.0%	13.08
March 31, 2019	0.1%	16.62	-0.1%	(2.22)	0.0%	-	-0.1%	(2.22)
HACCO Pharma Inc. ***								
March 31, 2020	0.0%	-	0.0%	-	0.0%	-	0.0%	-
March 31, 2019	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Tillomed Laboratories BV ****								
March 31, 2020	0.0%	-	0.0%	-	0.0%	-	0.0%	-
March 31, 2019	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Non controlling Interest in all subsidiaries								
March 31, 2020	3.6%	724.14	16.9%	170.03	-1.5%	(4.93)	12.3%	165.10
March 31, 2019	3.4%	652.85	6.7%	141.10	-0.6%	(2.08)	5.7%	139.02
Elimination/adjustment for consolidation at group level								
March 31, 2020	-38.4%	(7,611.10)	-9.4%	(95.02)	113.6%	384.48	21.5%	289.46
March 31, 2019	-35.7%	(6,781.78)	-0.4%	(7.86)	102.7%	347.42	14.0%	339.56
Total								
March 31, 2020	**100.0%**	**19,843.68**	**100.0%**	**1,006.10**	**100.0%**	**338.39**	**100.0%**	**1,344.48**
March 31, 2019	**100.0%**	**19,003.69**	**100.0%**	**2,091.91**	**100.0%**	**338.29**	**100.0%**	**2,430.20**

*Amount as on 31st March,2019 includes amounts of Tillomed Holdings Limited UK which has been dissolved on April 16, 2019.

* The Group has invested in Tillomed France SAS, A direct subsidiary of Emcure UK, on May 30, 2018.

*** The Group has invested in HACCO Pharma Inc., A direct subsidiary of Heritage Pharma Holdings Inc., on March 06, 2019.

**** The Group has invested in Tillomed Laboratories BV., A direct subsidiary of Emcure Pharma UK Ltd ., on April 24,2019 .

Notes to the Consolidated Financial Statement

for the year ended March 31, 2020

Note 57 : - Interest in other entities

a) Subsidiaries :

The group's subsidiaries at March 31, 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

All the subsidiaries of the company are engaged in principal business of developing, manufacturing and trading of pharmaceutical products.

Sr No.	Name of subsidiary company	Country of incorporation	Ownership interest held by the group		Ownership interest held by non controlling interests	
			March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	Direct Subsidiaries:					
1	Gennova Biopharmaceuticals Limited	India	87.95%	87.95%	12.05%	12.05%
2	Zuventus Healthcare Limited	India	79.58%	79.58%	20.42%	20.42%
3	Emcure Nigeria Limited	Nigeria	100%	100%	-	-
4	Emcure Pharmaceuticals Mena FZ LLC.	UAE	100%	100%	-	-
5	Emcure Pharmaceuticals South Africa (Pty) Limited	South Africa	100%	100%	-	-
6	Emcure Brasil Farmaceutica Ltda	Brazil	100%	100%	-	-
7	Heritage Pharma Holdings Inc.	USA	100%	100%	-	-
8	Emcure Pharma UK Ltd	United Kingdom	100%	100%	-	-
9	Emcure Pharma Peru S.A.C.	Peru	100%	100%	-	-
10	Emcure Pharma Mexico S.A. DE C.V.	Mexico	100%	100%	-	-
11	Emcure Pharmaceuticals Pty Ltd	Australia	100%	100%	-	-
12	Marcan Pharmaceuticals Inc.	Canada	100%	100%	-	-
	Indirect Subsidiaries:					
13	Heritage Pharma Labs Inc.	USA	100%	100%	-	-
14	Heritage Pharmaceuticals Inc.	USA	100%	100%	-	-
15	Konsina Ilac Sanayi Ve Dis Ticaret Anonim Sirketi*	Turkey	-	-	-	-
16	Tillomed Laboratories Ltd	United Kingdom	100%	100%	-	-
17	Tillomed Holdings Ltd #	United Kingdom	100%	100%	-	-
18	Tillomed Pharma GmbH	Germany	100%	100%	-	-
19	Laboratories Tillomed Spain S.L.U.	Spain	100%	100%	-	-
20	Tillomed Italia S.R.L.	Italy	100%	100%	-	-
21	Emcure NZ Limited	New Zealand	100%	100%	-	-
22	Tillomed France SAS**	France	100%	-	-	-
23	HACCO Pharma Inc.***	USA	100%	-	-	-

* The Group has divested its investment in Konsina Ilac Sanayi Ve Dis Ticaret Anonim Sirketi* with effect from December 20, 2017.

** The Group has invested in Tillomed France SAS, A direct subsidiary of Emcure UK, on May 30, 2018.

*** The Group has invested in HACCO Pharma Inc., A direct subsidiary of Heritage Pharma Holdings Inc., on March 06, 2019.

Tillomed Holdings Ltd UK has been dissolved subsequently on April 16, 2019.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2020

b) Non controlling interests :

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Rs. in million

Summarized balance sheet	Gennova Biopharmaceuticals Limited		Zuventus Healthcare Limited	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Ownership interest held by non controlling interests	12.05%	12.05%	20.42%	20.42%
Current assets	1,124.94	754.11	2,364.99	2,017.14
Current liabilities	572.72	408.95	2,195.67	1,623.66
Net current assets	**552.22**	**345.16**	**169.32**	**393.48**
Non-current assets	1,257.25	1,089.26	3,267.79	3,073.37
Non-current liabilities	573.15	576.13	482.98	640.23
Net non-current assets	**684.10**	**513.13**	**2,784.81**	**2,433.14**
Net assets	**1,236.32**	**858.29**	**2,954.13**	**2,826.62**
Accumulated NCI	121.79	76.51	602.35	576.34

Rs. in million

Summarized statement of profit and loss	Gennova Biopharmaceuticals Limited		Zuventus Healthcare Limited	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Revenue	2,108.72	1,815.20	8,231.63	7,488.64
Profit for the Year	379.58	179.66	608.75	517.22
Other comprehensive income	(3.89)	(0.05)	(21.87)	(10.17)
Total comprehensive income	**375.69**	**179.61**	**586.88**	**507.05**
Total comprehensive income allocated to NCI	45.25	35.48	119.85	103.54
Dividends paid to NCI (including dividend distribution tax)	-	-	93.80	22.22

Summarized cash flow	Gennova Biopharmaceuticals Limited		Zuventus Healthcare Limited	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Cash flows from operating activities	520.61	332.20	925.68	671.46
Cash flows from investing activities	(301.28)	(101.87)	(161.99)	(248.97)
Cash flows from financing activities	(266.72)	(75.00)	(217.60)	(412.70)
Net Increase/(decrease) in cash & cash equivalents	**(47.39)**	**155.33**	**546.09**	**9.79**

Note 58 : Expenditure on research and development during the year

Revenue expenditure incurred on research and development including in house research & development is Rs. 1,909.22 million (March 31, 2019 Rs. 2,302.19 million). Capital expenditure in relation to acquisition of property, plant and equipment and intangible assets incurred on Research and Development including in house Research and Development is Rs.13.05 million (March 31, 2019 Rs. 65.05 million).

Notes to the Consolidated Financial Statement

for the year ended March 31, 2020

Note 59 : Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a corporate social responsibility (CSR) committee has been formed by the Company and its Indian subsidiaries. The areas for CSR activities are promoting education, healthcare and ensuring environmental sustainability. Amount spent during the year on activities which are specified in Schedule VII of the Companies Act 2013 are as mentioned below :

a) Gross amount of Rs. 74.77 million (March 31, 2019 Rs. 76.56 million) required to be spent during the year by the company and its Indian subsidiaries.

b) Amount spent during the year on

Rs. in million

Particulars	Paid	Yet to be paid	Total	Paid	Yet to be paid	Total
	March 31, 2020			March 31, 2019		
(i) Construction/acquisition of any asset	-	-	-	-	-	-
(ii) On purposes as mentioned above	69.72	-	69.72	73.28	-	73.28

Note 60 : The information regarding Micro Enterprises and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

Rs. in million

Particulars	March 31, 2020	March 31, 2019
i) The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	0.62	6.58
ii) 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 amount of the payment made to the supplier beyond the appointed day during each accounting year.	0.07	-
iii) The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprise Development Act, 2006.	0.06	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.22	0.14
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	0.22	0.14

Note 61 : Excise / GST refund received

a) Under Notification dated 05 October 2017 and Circular No. 1060/9/2017-CX dated 27th November, 2017 issued by the Department of Industrial Policy and Promotion (DIPP), the Company is entitled to subsidy in the form of proportionate refund of GST paid in cash (i.e. other than utilising input credit) by its unit at Jammu for a period not exceeding ten years from the date of start of commercial production at Jammu unit .The subsidy is available upto March 01, 2026 There are no unfulfilled conditions or other contingencies attached to this grant. There are no unfulfilled conditions or other contingencies attached to this grant.

Note 62 : Government Grant

Government grants are related to exemption of basic customs duty on purchase of imported machineries to be used for the manufacturing of products. The Company and one of it's subsidiaries required to fulfil the export obligation against duty benefit received. Refer note 45B for the details of unfulfilled obligations. Based on past experience, management is confident that it will fulfil conditions attached to the grant received.

Note 63 : Contingent consideration

The Group acquired 100% equity shares in Marcan Pharmaceuticals Inc., International Pharmaceuticals Generics Ltd. and IPG (2015) vide Asset and Share Purchase Agreement (the ""agreement"") dated November 8, 2015 (the ""acquisition Date"") through a special purpose vehicle viz. Emcure Pharmaceuticals Canada Limited.

Immediately following this agreement, on November 9, 2015, all entities above were amalgamated and new entity called Marcan Pharmaceuticals Inc. (""Marcan"") was formed, the current operating company.

The acquisition was for a total consideration of Rs. 4,619.12 million* (CAD 93 million*). As per the Share Purchase Agreement, there are contingent payments payable to the selling shareholders of Marcan Pharmaceuticals Inc. in the form of preference shares, based on achievement of specific EBITDA levels of Marcan for the year ended March 31, 2021, or at the option of selling shareholders for the year ended March 31, 2022, limited to a maximum of Rs. 2,384.06 million (CAD 48 Million).

The fair value of contingent consideration is derived by discounting the estimated payouts to the sellers of Marcan on achievement of EBITDA levels. The key inputs used in the determination of fair value of contingent consideration are discount rate of 10% and probabilities of achievement of EBITDA levels.

Fair value of financial liability payable as at March 31, 2020 amounts to Rs. 2,425.27 million (CAD 45.32 million) (March 31, 2019: Rs. 2,175.06 million (CAD 41.20 million)).

*Considering 1 CAD = 49.67 Rupees, the rate as on the date of acquisition.

Notes to the Consolidated Financial Statement

for the year ended March 31, 2020

Note 64 : Events occurring after the reporting period

For events occurring after reporting period pertaining to litigations, refer note 44.

Note 65 : Impact of COVID-19 pandemic

The COVID-19 outbreak has spread rapidly spread during the last quarter of the financial year. Governments across the globe, including in India, have undertaken various measures to contain the spread of virus including restrictions on travel, social distancing and other emergency measures. The Group is engaged in the business of manufacture, distribution and marketing of pharmaceutical drugs. Products supplied by the Group has been classified as essential goods during the COVID-19 pandemic in majority of the geographies. The Group initially experienced some delays in deliveries of supplies to customers due to travel restrictions and restriction on courier and transport services, but this has gradually stabilized. In view of the lockdown announced various regions across the globe, the Group has undertaken and strengthened various measures to ensure safety and well-being of its employees and has focused on continued delivery of medicines across the globe by ensuring that the key functions of procurement, manufacturing, supply chain and sales operate smoothly.

Management has considered its liquidity position as at 31 March 2020 and over the next twelve months from the date of approval of these financial statements by performing cash flow assessments with a sensitivity analysis thereon and has concluded that the Group will have adequate liquidity in ordinary course of business. As at the year end, management has assessed the recoverability of the carrying amounts of property, plant and equipment, financials assets, inventory, trade receivables, etc. and has concluded that no further adjustments are required to be made in respect of these as at 31 March 2020. However, the actual impact of the global health pandemic may be different from that which has been estimated, as the COVID -19 situation continues to evolves in India and globally. The Group will continue to closely monitor any material changes to future economic conditions.

Note 66 : Specified bank notes (SBNs)

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements, since the requirement does not pertain to financial year ended 31 March 2020

For **B S R & Co. LLP**

Firm Registration: 101248W/W-100022
Chartered Accountants

Nirav Patel
Partner
Membership No. 113327

Place: Mumbai
Date : July 27, 2020
UDIN: 20113327AAAACB6044

For and on behalf of the Board of Directors
Emcure Pharmaceuticals Limited
CIN -U24231PN1981PLC024251

Shreekant Bapat
Director
DIN -00621568

Satish Mehta
Managing Director
DIN -00118691

Jayant Prakash
Company Secretary
Membership No. F6742

Namita Thapar
Whole Time Director &
Chief Financial Officer
PAN - AEDPM2995R

Place: Pune
Date : July 22, 2020

Emcure Pharmaceuticals Ltd.

Plot No. P-2, I.T.-B.T. Park, Phase - II, M.I.D.C., Hinjawadi, Pune - 411 057, INDIA

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