

**INDEPENDENT AUDITOR'S REPORT**

**To the Members of M/s Vivimed Life Sciences Private Limited**

**Report on the Ind AS financial statements**

We have audited the accompanying Ind AS financial statements of M/s Vivimed Life Sciences Private Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

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

**Information other than the Financial Statements and Auditor's Report thereon**

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

The Board's Report is expected to be made available to us after the date of this Auditors' Report. Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read Board's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



**Responsibility of the Management and those charged with governance for the financial statements**

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

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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 responsible for overseeing the company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is included in "Annexure - A" of this auditor's report.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the **Annexure - B** a statement on the matters specified in paragraphs 3 and 4 of the order.
2. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit & Loss, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;





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- d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the relevant rules issued there under;
- e. On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2020 from being appointed as a director in terms of Section 164(2) of the Act;
- f. With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the Company has not paid / provided any managerial remuneration to its Directors during the year.
- g. With respect to the adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls, we give a separate report in the Annexure - C; and
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position;
- 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.

Place: Bengaluru  
Date : June 16, 2020



For GNANOBA & BHAT,  
Chartered Accountants,  
Firm Regn No. 000939S

R. UMESH  
Partner  
M. No. 27892  
UDIN: 20027892AAAAAH6077

ANNEXURE-A TO THE AUDITOR'S REPORT

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls systems in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Place: Bengaluru  
Date : June 16, 2020



For GNANOBA & BHAT,  
Chartered Accountants,  
Firm Regn No. 000939S

R. UMESH  
Partner

M. No. 27892

UDIN: 20027892AAAAAH6077



**ANNEXURE - B TO AUDITOR'S REPORT REFERRED TO IN PARAGRAPH 1 OF OUR REPORT  
OF EVEN DATE**

- (i) In respect of its fixed assets:
- a) The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets;
  - b) As explained to us, the fixed assets were physically verified during the year by the Management in line with an internal programme of verification. According to the information and explanations given to us, no material discrepancies were noticed on such verification. In our opinion, the periodicity of verification is reasonable having regard to size of the Company and the nature of its assets;
  - c) The title deed of the immovable property is held in the name of the company.
- (ii) The inventories were physically verified by the Company during the year and in our opinion, having regard to the nature of inventory, the frequency of verification is reasonable. As explained to us, no material discrepancies were observed thereon.
- (iii) According to the information and explanations given to us, the Company has not granted loans to any parties listed in the register maintained under section 189 of the Companies Act, 2013 and hence clause (iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not entered into any transactions which come under the purview of Section 185 and 186 of the Companies Act, 2013 and hence clause (iv) of the Order is not applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public in terms of Chapter-V the Companies Act, 2013 read with The Companies (Acceptance of Deposits) Rules, 2014 and hence reporting under this clause is not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (vii) According to the information and explanations given to us and on the basis of examination of the books and records as produced before us, in respect of statutory dues and other dues :
- a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Custom Duty, Cess and other statutory dues with the appropriate authorities during the period wherever applicable. There were no material undisputed amounts in respect of the above statutory dues, which were in arrears as at 31st March 2020, for a period more than six months from the date they became due.
  - b) There were no statutory dues which were not deposited on account of any dispute.
- (viii) According to the information and explanation given to us and based on our verification of the records and relevant documents, the Company has not defaulted in repayment of dues to any financial institution, bank, Government or debenture holders.



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- (ix) The Company has not raised moneys by way of initial public offer or further public offer during the year. As regards the term loan availed of during an earlier year, in our opinion and based on our examination of the books and records, the same has been applied for the purpose of which it was raised.
- (x) To the best of our knowledge and belief, according to the information and explanations given to us by the Management and the records produced before us, no frauds were noticed or reported during the year.
- (xi) According to the information and explanation given to us, the managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule-V to the Companies Act.
- (xii) The Company is not a Nidhi Company and hence this clause is not applicable.
- (xiii) In our opinion and according to the information and explanation given to us and based on our verification of the records and relevant documents, all transactions with related parties entered into by the Company are in compliance with section 188 of the Companies Act where applicable and the details of the same have been disclosed in the financial statements etc. as required by the applicable accounting standards. The Provisions of Section 177 are not applicable to the Company.
- (xiv) According to the information and explanations given to us and based on our examination of the relevant records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence reporting under this clause is not applicable.
- (xv) According to the information and explanation given to us by the Management and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him and hence this clause is not applicable.
- (xvi) In our opinion and according to the information and explanation given to us the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place: Bengaluru  
Date : June 16, 2020



For GNANOBA & BHAT,  
Chartered Accountants,  
Firm Regn No. 000939S

  
K. UMESH  
Partner

M. No. 27892

UDIN: 20027892AAAAAH6077



**ANNEXURE - C TO AUDITOR'S REPORT REFERRED TO IN PARAGRAPH F OF OUR REPORT  
OF EVEN DATE**

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

We have audited the internal financial controls over the financial reporting of M/s Vivimed Life Sciences Private Limited ("the Company") as on 31<sup>st</sup> March 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended as on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI).

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

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

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

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

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

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



A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company.
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipt and expenditures of the company are being made only in accordance with authorisations of management and directors of the company.
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

**Opinion**

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

Place: Bengaluru  
Date : June 16, 2020



For GNANOBA & BHAT,  
Chartered Accountants,  
Firm Regn No. 000939S

◀ R. UMESH  
Partner  
M. No. 27892  
UDIN: 20027892AAAAAH6077



**Vivimed Life Sciences Private Limited**

**Balance Sheet as at March 31, 2020**

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

		As at 31 March 2020	As at 31 March 2019
<b>Assets</b>	<b>Note</b>		
<b>Non-current assets</b>			
(a) Property, plant and equipment	4	794.96	806.35
(b) Capital work-in-progress		179.34	12.43
(c) Other intangible assets	5	0.77	-
(d) Intangible assets under development		-	2.43
(e) Financial assets			
(i) Loans receivable	6	7.10	4.51
(f) Income tax assets	7	2.82	2.14
(g) Other non-current assets	8	16.14	17.84
		<b>1,001.13</b>	<b>845.70</b>
<b>Current assets</b>			
(a) Inventories	9	422.23	188.42
(b) Financial assets			
(i) Trade receivables	10	923.66	319.25
(ii) Cash and cash equivalents	11	22.01	4.09
(iii) Other balances with banks	12	5.33	5.77
(iv) Loans receivable	13	0.33	-
(c) Income tax assets	7	0.56	0.67
(d) Other current assets	14	269.79	143.62
		<b>1,643.91</b>	<b>661.82</b>
<b>Total assets</b>		<b>2,645.04</b>	<b>1,507.52</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	15	282.67	282.67
(b) Other equity	16	187.28	181.88
<b>Total equity</b>		<b>469.95</b>	<b>464.55</b>
<b>Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	17	50.00	243.26
(b) Provisions	18	21.26	8.96
		<b>71.26</b>	<b>252.22</b>
<b>Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	17	1,020.37	244.67
(ii) Trade payables	19		
- Total outstanding dues of micro & small enterprises		37.46	6.93
- Total outstanding dues of creditors other than micro & small enterprises		1,007.61	483.89
(iii) Other financial liabilities	20	9.83	17.45
(b) Other current liabilities	21	25.18	36.57
(c) Provisions	22	3.38	1.24
		<b>2,103.83</b>	<b>790.75</b>
<b>Total liabilities</b>		<b>2,175.09</b>	<b>1,042.97</b>
<b>Total equity and liabilities</b>		<b>2,645.04</b>	<b>1,507.52</b>

Summary of significant accounting policies

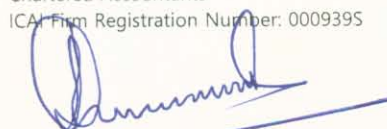
The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

**For Gnanoba & Bhat**

Chartered Accountants

ICAI Firm Registration Number: 0009395



**R Umesh**

Partner

Membership No.: 027892

Place: Bengaluru

Date: June 16, 2020



for and on behalf of the Board of Directors of

**Vivimed Life Sciences Private Limited**

CIN: U24304TG2017PTC115352



**Venkata Seetharama Raju Pakalapati**

Director

DIN: 07500141



**Venkatesh Kailasanathan**

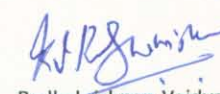
Chief Financial Officer



**Vikesh Kumar**

Director

DIN: 07669087



**Radhakrishnan Vaidyanathan Kollengode**

Company Secretary

M.No. A35149



**Vivimed Life Sciences Private Limited**

**Statement of Profit and Loss for the year ended March 31, 2020**

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

	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from operations	23	1,128.06	694.47
Other income	24	68.50	11.19
<b>Total income</b>		<b>1,196.56</b>	<b>705.66</b>
<b>Expenses</b>			
Cost of materials consumed	25	580.40	470.10
Changes in inventories and work in progress	26	0.60	(20.75)
Employee benefits expense	27	158.64	99.96
Finance costs	28	95.38	40.63
Depreciation and amortisation expense	29	41.03	30.84
Other expenses	30	307.96	271.26
<b>Total expense</b>		<b>1,184.01</b>	<b>892.04</b>
<b>Profit before exceptional items and tax</b>		<b>12.55</b>	<b>(186.38)</b>
Exceptional items of gain / (loss) (net)	31	-	(108.16)
<b>Profit before tax</b>		<b>12.55</b>	<b>(294.54)</b>
<b>Tax expenses</b>			
Current tax	32	-	-
Deferred tax	32	-	(11.18)
<b>Total tax expense</b>		<b>-</b>	<b>(11.18)</b>
<b>Profit for the year</b>		<b>12.55</b>	<b>(283.36)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Re-measurement gains/ (losses) on defined benefit plan		(7.15)	(3.30)
Income-tax effect		-	-
<b>Other comprehensive income for the year, net of tax</b>		<b>(7.15)</b>	<b>(3.30)</b>
<b>Total comprehensive income for the year</b>		<b>5.40</b>	<b>(286.66)</b>
<b>Earnings per equity share (nominal value of ₹10) in ₹</b>			
Basic	36	0.44	(10.02)
Diluted	36	0.44	(10.02)
Summary of significant accounting policies	3		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date attached

**For Gnanoba & Bhat**

Chartered Accountants

ICAI Firm Registration Number: 0009395



**R Umesh**

Partner

Membership No.: 027892

for and on behalf of the Board of Directors of

**Vivimed Life Sciences Private Limited**

CIN: U24304TG2017PTC115352



**Venkata Seetharama Raju Pakalapati**  
Director  
DIN: 07500141



**Venkatesh Kailasanathan**  
Chief Financial Officer



**Vikesh Kumar**  
Director  
DIN: 07669087



**Radhakrishnan Vaidyanathan Kollengode**  
Company Secretary  
M.No. A35149



Place: Bengaluru

Date: June 16, 2020



Vivimed Life Sciences Private Limited

Statement of Changes in Equity for the years ended March 31, 2020 and March 31, 2019

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

a. Equity Share Capital

	No. of shares	Amount
Balance as at April 1, 2018		
Add: Issued during the year	28,266,880	282.67
Balance as at April 1, 2019		
Add: Issued during the year	28,266,880	282.67
Balance as at March 31, 2020	28,266,880	282.67

b. Other equity

Particulars	Reserves and Surplus		Items of other comprehensive income Re -measurement of the defined benefit liabilities / (assets)	Total
	Securities premium	Retained earnings		
Balance as at April 1, 2018	517.28	(49.00)	0.26	468.54
Profit for the year	-	(283.36)	-	(283.36)
Premium received on allotment of shares	-	-	-	-
Other comprehensive income	-	-	-	-
Re-measurement gains/ (losses) on defined benefit plans, net of tax	-	-	(3.30)	(3.30)
Balance as at March 31, 2019	517.28	(332.36)	(3.04)	181.88
Profit for the year	-	12.55	-	12.55
Other comprehensive income	-	-	-	-
Re-measurement gains/ (losses) on defined benefit plans, net of tax	-	-	(7.15)	(7.15)
Balance as at 31 March 2020	517.28	(319.81)	(10.19)	187.28

As per our report of even date attached

For Gnanoba & Bhat

Chartered Accountants

ICAI Firm Registration Number: 0009395



R Umesh

Partner

Membership No.: 027892

for and on behalf of the Board of Directors of

Vivimed Life Sciences Private Limited

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Venkata Seetharama Raju Pakalapati

Director

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Vikesh Kumar

Director

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Radhakrishnan Vaidyanathan Kollenqode

Company Secretary

M.No. A35149



Place: Bengaluru

Date: June 16, 2020

Venkatesh Kailasanathan

Chief Financial Officer

**Vivimed Life Sciences Private Limited**

**Statement of Cash Flows for the year ended**

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

	31 March 2020	31 March 2019
<b>I. Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>12.55</b>	<b>(294.54)</b>
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation of tangible assets	40.94	30.84
Amortisation of intangible assets	0.09	-
Impairment of intangibles	-	4.44
Provision for doubtful debts	19.58	58.88
Provision for Inventory write off	7.60	3.85
Reversal of capacity reservation compensation	-	84.28
Provision for product recall expense	-	10.38
Loss on sale of Assets (net)	2.50	-
Provision for bonus, gratuity & leave encashment	11.82	5.21
Unrealised forex loss / (gain)	(42.91)	2.70
Capital Work-in-progress written off	-	23.88
Research and Development expenses	2.43	-
Sundry balances written off / (back)	(17.80)	(2.44)
Interest income	(0.44)	(4.62)
Finance costs	95.38	40.63
<b>Operating profit before working capital changes</b>	<b>131.74</b>	<b>(36.52)</b>
<i>Changes in working capital:</i>		
Adjustment for (increase)/decrease in operating assets		
Trade & other receivables	(714.50)	(233.27)
Inventories	(241.42)	(22.56)
Trade & other payables	552.85	252.57
(Increase) in margin money	0.44	(4.26)
<b>Cash used in operations</b>	<b>(270.89)</b>	<b>(44.04)</b>
Income taxes paid	(0.57)	(2.15)
<b>Net cash used in operating activities</b>	<b>(271.46)</b>	<b>(46.19)</b>
<b>II. Cash flows from investing activities</b>		
Proceeds from sale/ (Purchase of) PPE and intangibles (including CWIP), net	(198.12)	(113.54)
Interest received	0.44	4.62
<b>Net cash used in investing activities</b>	<b>(197.68)</b>	<b>(108.92)</b>
<b>III. Cash flows from financing activities</b>		
Proceeds from /(repayment of) long-term borrowings	(193.26)	105.48
Proceeds from/(repayment of) short-term borrowings, net	775.70	83.53
Interest paid	(95.38)	(36.23)
<b>Net cash generated from financing activities</b>	<b>487.06</b>	<b>152.78</b>
<b>Net increase / (decrease) in cash and cash equivalents (I+II+III)</b>	<b>17.92</b>	<b>(2.34)</b>
Cash and cash equivalents at the beginning of the year	4.09	6.43
<b>Cash and cash equivalents at the end of the year (refer note below)</b>	<b>22.01</b>	<b>4.09</b>
<b>Note:</b>		
<b>Cash and cash equivalents comprise:</b>		
Cash on hand	0.02	0.10
Balances with banks:		
- in current accounts	21.99	3.99
	<b>22.01</b>	<b>4.09</b>

Summary of significant accounting policies

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

As per our report of even date attached

**For Gnanoba & Bhat**

Chartered Accountants

ICAI Firm Registration Number: 000939S



**R Umesh**

Partner

Membership No.: 027892

Place: Bengaluru


Date: June 16, 2020



**for and on behalf of the Board of Directors of**

**Vivimed Life Sciences Private Limited**

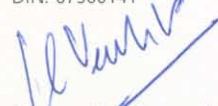
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**Venkata Seetharama Raju Pakalapati**

Director

DIN: 07500141



**Venkatesh Kailasanathan**

Chief Financial Officer

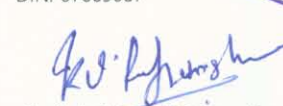


**Vikesh Kumar**

Director

DIN: 07669087





**Radhakrishnan Vaidyanathan Kollenqode**

Company Secretary

M.No. A35149



## Vivimed Life Sciences Private Limited

### Notes forming part of the financial statements

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

#### 1 General Information

Vivimed Life Sciences Private Limited (VLSPL) was incorporated on 22nd February, 2017 as wholly owned subsidiary of M/s Vivimed Labs Limited. During FY 2017-18, VLSPL entered into a Joint Venture agreement with M/s Strides Pharma Science Limited by issue of equal proportion of equity shares. On 12th June, 2017, Vivimed Life Sciences Private Limited, completed the acquisition of the USFDA approved unit from M/s Vivimed Labs Limited. The Company is primarily engaged in the manufacturing and sale of solid oral dosage forms (tablets and capsules). On March 29, 2019, M/s Strides Pharma Science Limited acquired the entire equity held by M/s Vivimed Labs Limited and thereby VLSPL became Wholly Owned Subsidiary of M/s Strides Pharma Science Limited.

#### 2 Basis of preparation of financial statements

##### 2.1 Statement of Compliance

The financial statements have been prepared in accordance of 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 June 16, 2020.

Details of the accounting policies are included in Note 3.

##### 2.2 Basis of measurement

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the statement of financial position:

- employee defined benefit assets/(liability) are recognized actuarial losses, less actuarial gains and the present value of the defined benefit obligation.

##### 2.3 Functional and presentation currency

These financial statements are presented in Indian Rupees, which is also the Company's functional currency. All amounts have been rounded-off to two decimal places to the nearest million, unless otherwise indicated.

##### 2.4 Operating cycle

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

##### Assets:

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realized within twelve months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

##### Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within twelve months after the reporting date; or
- d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

##### 2.5 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.



The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

**Provision and contingent liability**

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

**Useful lives of depreciable assets**

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2020 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

**2.6 Covid-19**

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. The actual impact of this global health pandemic may be different from that which has been estimated, as the COVID-19 situation evolves in India and globally. The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The Company has considered available internal and external information while finalizing various estimates in relation to its financial statements upto the date of approval of the financial statements by the Board of Directors. The Company will continue to closely monitor any material changes to future economic conditions. However, the pandemic did not have any material impact on the financial statement for the year ended March 31, 2020.

**3 Significant accounting policies**

**3.1 Revenue recognition**

**Revenue from contracts with customers:**

The Company recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. A 5-step approach is used to recognise revenue as below:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

**Other income:**

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

**3.2 Foreign currencies**

In preparing the financial statements of the Company, transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

**3.3 Taxation**

Income tax expense consists of current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

**Current tax**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

**Deferred tax**

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising upon the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax 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 realized simultaneously.

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





### 3.4 Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share.

### 3.5 Property, plant and equipment

The initial cost of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected costs of decommissioning, less accumulated depreciation and accumulated impairment losses, if any. Expenditure incurred after the PPE have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

Material items such as spare parts, stand-by equipment and service equipment are classified as PPE when they meet the definition of PPE as specified in Ind AS 16 – Property, Plant and Equipment.

### 3.6 Depreciation

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed in Schedule II to the Act or as per technical assessment.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Company, or the number of production or similar units expected to be obtained from the asset by the Company.

The Company has componentised its PPE and has separately assessed the life of major components. The Company depreciates its PPE over the useful lives as prescribed in Schedule II to the Act.

Depreciation on additions is provided on a pro-rata basis from the month of installation or acquisition and in case of Projects from the date of commencement of commercial production. Depreciation on deductions/disposals is provided on a pro-rata basis up to the date of deduction/disposal.

### 3.7 Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use.

#### Amortization

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

### 3.8 Leases

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.

There were no material leases for the year ended 31st March 2020 and 31st March 2019 for the Company as a Lessee to apply the requirements of Ind AS 116.



### 3.9 Inventories

#### Inventories are valued as follows:

##### • Raw materials, fuel, stores & spare parts and packing materials:

Valued at lower of cost and net realisable value (NRV). However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. Cost is determined on weighted average basis.

##### • Work-in-progress (WIP), finished goods and stock-in-trade:

Valued at lower of cost and NRV. Cost of Finished goods and WIP includes cost of raw materials, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

### 3.10 Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with banks that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

### 3.11 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

### 3.12 Employee benefits

#### Short-term employee benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences and performance incentives and are recognised as expenses in the period in which the employee renders the related service.

#### Post-employment benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to statement of profit and loss. Past service cost is recognised in statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

#### Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using the projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

### 3.13 Provisions

A provision is recognized 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. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

### 3.14 Contingent liabilities & contingent assets

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.





Vivimed Life Sciences Private Limited

Notes forming part of the financial statements

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

4 Property, plant and equipment

Particulars	Land	Buildings	Plant and Machinery	Office Equipment	Computers	Furniture	Vehicles	Electrical Installations	Laboratory Equipments	Total
At April 1, 2018	287.40	143.98	324.05	0.93	0.56	13.06	1.21	-	-	771.19
Additions	21.18	3.76	46.34	-	18.87	0.22	-	-	-	90.37
Disposals	-	-	-	-	-	-	-	-	-	-
At March 31, 2019	308.58	147.73	370.39	0.93	19.43	13.28	1.21	-	-	861.56
Additions	-	-	6.26	3.10	3.09	4.52	-	1.12	14.24	32.33
Disposals	-	-	3.21	0.03	0.02	0.03	-	-	-	3.29
At March 31, 2020	308.58	147.73	373.44	4.00	22.51	17.77	1.21	1.12	14.24	890.60
Accumulated depreciation										
At April 1, 2018	-	4.60	16.60	0.11	0.10	2.80	0.16	-	-	24.37
Charge for the year	-	5.78	20.82	0.14	1.02	2.88	0.20	-	-	30.84
At March 31, 2019	-	10.38	37.42	0.25	1.12	5.68	0.36	-	-	55.21
Charge for the year	-	5.81	23.36	0.48	6.47	3.32	0.20	0.68	0.62	40.94
Less: Adjustments	-	-	0.50	-	-	0.01	-	-	-	0.51
At March 31, 2020	-	16.19	60.29	0.73	7.59	8.98	0.56	0.68	0.62	95.63
Carrying amount										
At March 31, 2019	308.58	137.36	332.97	0.68	18.30	7.61	0.85	-	-	806.35
At March 31, 2020	308.58	131.54	313.15	3.27	14.92	8.79	0.65	0.44	13.62	794.96

Note:

a) Charge on Property, plant and equipment

All the property, plant and equipment are subject to a first charge to secure the Company's working capital bank loans.

b) Vehicle: The registration formalities for transfer of Vehicle from Vivimed Labs Limited to Vivimed Life Sciences Private Limited per Business Transfer Agreement dated 18th May 2017 are in progress and the same is yet to be registered in the name of Vivimed Life Sciences Private Limited.

c) Capital Work-in-progress: During the year, the management has carried out assessment of the value of Capital work in progress based on which a sum of ₹2.4 Million has been written off in these accounts.

5 Goodwill & Other intangible assets

Particulars	Goodwill	Software License	Total
At April 1, 2018	4.93	-	4.93
Additions	-	-	-
Impairment	-	-	-
At March 31, 2019	4.93	-	4.93
Additions	-	0.86	0.86
Impairment	-	-	-
At March 31, 2020	-	0.86	0.86
Amortisation			
At April 1, 2018	0.49	-	0.49
Impairment	4.44	-	4.44
At March 31, 2019	4.93	-	4.93
Charge for the year	-	0.09	0.09
Impairment	-	-	-
At March 31, 2020	-	0.09	0.09
Carrying amount			
At March 31, 2019	-	-	-
At March 31, 2020	-	0.77	0.77



Vivimed Life Sciences Private Limited

Notes forming part of the financial statements

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

<b>6</b>	<b>Loans receivable</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>Unsecured, Considered good:</b>		
	Security deposits	7.10	4.51
	<b>Total</b>	<b>7.10</b>	<b>4.51</b>
<b>7</b>	<b>Income tax assets</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>Non Current</b>		
	Advance tax (net of Provisions)	2.82	2.14
	<b>Total</b>	<b>2.82</b>	<b>2.14</b>
	<b>Current</b>		
	Advance tax (net of Provisions)	0.56	0.67
		<b>0.56</b>	<b>0.67</b>
<b>8</b>	<b>Other Non-current Assets</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>Considered good:</b>		
	Capital Advances	16.14	17.84
	<b>Total</b>	<b>16.14</b>	<b>17.84</b>
<b>9</b>	<b>Inventories</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
	Raw Materials & Packing Materials (including Goods in transit)	363.89	129.48
	Semi-finished & Work in process	24.48	47.45
	Finished Goods	33.86	11.48
	<b>Total</b>	<b>422.23</b>	<b>188.42</b>

\* Inventories are provided as security for working capital loans availed by the Company.

\* Refer note 3.9 for method of valuation of inventories.

<b>10</b>	<b>Trade receivables</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>Unsecured:</b>		
	Considered good (refer note 1 below)	923.66	319.25
	Credit impaired	78.45	58.88
		<b>1,002.11</b>	<b>378.13</b>
	Less: Allowance for doubtful receivables (refer note 2 below)	(78.45)	(58.88)
	<b>Total</b>	<b>923.66</b>	<b>319.25</b>

1. Includes receivables from related parties (Refer note 33)

2. Includes export receivables outstanding beyond 9 months amounting to Rs 58.88 Mio (2019: Rs 58.88 Mio), for which the company is in the process of seeking requisite approvals for the delayed realization of export proceeds. The said receivables have been provided for in the books.

In determining the allowance for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

<b>Movement in expected credit loss allowance</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
<b>Particulars</b>		
Balance at the beginning of the year	(58.87)	-
Written off during the year	-	-
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	(19.58)	(58.88)
<b>Balance at end of the year</b>	<b>(78.45)</b>	<b>(58.88)</b>





Vivimed Life Sciences Private Limited

Notes forming part of the financial statements

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

<b>11 Cash and cash equivalents</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
Cash on hand	0.02	0.10
<b>Balances with banks:</b>		
- In current accounts	21.99	3.99
<b>Total</b>	<b>22.01</b>	<b>4.09</b>
<b>12 Other balances with banks</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
Balance held as margin money against working capital facilities with banks	5.33	5.77
<b>Total</b>	<b>5.33</b>	<b>5.77</b>
<b>13 Loans (Unsecured, considered good unless otherwise stated)</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
<b>Current</b>		
<b>Unsecured, considered good:</b>		
Loans to employees	0.33	-
<b>Total</b>	<b>0.33</b>	<b>-</b>
<b>14 Other current assets</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
<b>Unsecured, considered good:</b>		
Advances other than capital advances	-	3.47
Advances to suppliers	24.10	27.22
Advances to employees	0.09	0.04
Receivables from related parties (refer note 33)	0.25	-
Incentive receivable	31.84	13.50
Balances with Government authorities	210.48	89.01
Prepaid expenses	3.03	10.37
<b>Total</b>	<b>269.79</b>	<b>143.62</b>



**Vivimed Life Sciences Private Limited**

**Notes forming part of the financial statements**

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

**15 Share Capital**

**Authorised Share Capital**

30,000,000 equity shares of ₹10 each

**31 March 2020      31 March 2019**

	300.00	300.00
<b>Issued, subscribed and fully paid-up</b>		
28,266,880 equity shares of ₹10/- each fully paid-up	282.67	282.67
	282.67	282.67

(During the Financial Year 2017-18 Vivimed Life Sciences Private Limited had issued 1,41,23,440 equity shares to Vivimed Labs Ltd., for consideration other than in cash).

**(a) Reconciliation of shares outstanding at the beginning and end of the reporting year**

Particulars	Number of Shares	Value
Balance at April 01, 2018 (Equity shares of ₹10/- each fully paid-up)	28,266,880	282.67
Add: Issued during the year	-	-
<b>Balance at March 31, 2019 (Equity shares of ₹10/- each fully paid-up)</b>	<b>28,266,880</b>	<b>282.67</b>
Issued during the year (Equity shares of ₹10/- each fully paid)	-	-
<b>Balance at March 31, 2020 (Equity shares of ₹10/- each fully paid-up)</b>	<b>28,266,880</b>	<b>282.67</b>

**(b) Terms / rights attached to the equity shares**

Equity shares of the Company have a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(c) Shares held by holding company**

**Particulars**

**31 March 2020      31 March 2019**

**Equity shares of ₹10/- each fully paid**

Strides Pharma Science Limited (Holding Company)

Number of shares held

% of holding

28,266,880	28,266,880
100.00%	100.00%

**Note:** Of 28,266,880 shares, 1 share is held by Manjula Ramamurthy as nominee of Strides Pharma Science Limited.

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

**Particulars**

**31 March 2020      31 March 2019**

**Equity shares of ₹10/- each fully paid**

Strides Pharma Science Limited (Holding Company)

Number of shares held

% of holding

28,266,880	28,266,880
100.00%	100.00%

On March 29, 2019, Strides Pharma Science Limited acquired the entire equity held by Vivimed Labs Limited and thereby Vivimed Life Sciences Private Limited became Wholly Owned Subsidiary of Strides Pharma Science Limited.

**16 Other equity**

**Securities premium**

Opening balance

Additions during the year

Closing balance

**31 March 2020      31 March 2019**

517.28	517.28
-	-
517.28	517.28

**Retained earnings**

Opening balance

Profit/(loss) for the year

Other comprehensive income

Closing balance

**Total other equity**

(335.40)	(48.74)
12.55	(283.36)
(7.15)	(3.30)
(330.00)	(335.40)
187.28	181.88





**17 Borrowings****31 March 2020 31 March 2019****Non-current Borrowings****Secured loans**

## Term loans

- From banks (refer note A below)

50.00 75.00

**Unsecured loans**

From related party (Refer note 33)

- 168.26

**Total non-current borrowings****50.00 243.26****Current Borrowings****Secured loans repayable on demand**

Current maturities of long term debt

25.00 25.00

Working capital loans

- Cash credit and packing credit loans (refer note B below)

218.90 219.67

**Unsecured loans**

From related party including interest accrued (refer note 33)

776.47 -

**Total current borrowings****1,020.37 244.67****A. Term loans:**

Term loan from Banks consists of:

(i) Term loan taken from RBL Bank for ₹100 million repayable in 16 equal quarterly installments (12 months moratorium from the date of disbursement) at an interest rate of 10.80%.

Term loan includes current maturity of Rs 25.00 million (previous year: Rs 25 Mn)

The term loan is secured by a charge on the moveable and immovable assets of the Company, both present and future, with a paripassu charge.

**B. Cash credits and packaging credit loans:**

The Company has working capital facilities in the form of cash credits and packing credit from RBL Bank, amounting to a total limit of ₹220 million with interest rates of 10.80% for cash credit and 10.75% for packing credit facility.

The Company's Term Loan and Working Capital facilities are guaranteed by Strides Pharma Science Limited.

**Net debt reconciliation****Particulars****31 March 2020 31 March 2019**

Non-current borrowings

50.00 243.26

Current borrowings

1,020.37 244.67

Current maturities of non-current borrowings

25.00 25.00

**Less:**

Cash and cash equivalents

22.01 4.09

Balances in deposit accounts

5.33 5.77

**Net debt****1,068.03 503.07**

Reconciliation	As on April 1, 2019	Cash flows	Repayments	As on March 31, 2020
Cash and cash equivalents	4.09	17.92	-	22.01
Balances in deposit accounts	5.77	(0.44)	-	5.33
Current investments	-	-	-	-
Non Current borrowings (including current maturities)	268.26	-	(193.26)	75.00
Current borrowings	244.67	0.00	775.70	1,020.37

**18 Provisions****31 March 2020 31 March 2019****Non-Current**

Provision for employee benefits

- Gratuity (refer note 35)

11.86 5.45

- Compensated absences

9.40 3.51

**Total****21.26 8.96**

**Vivimed Life Sciences Private Limited**

**Notes forming part of the financial statements**

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

**19 Trade payables**

**31 March 2020    31 March 2019**

Trade payables

- Total outstanding dues of micro enterprises and small enterprises (refer note below)
- Total outstanding dues of creditors other than micro enterprises and small enterprises

**Total**

37.46	6.93
1,007.61	483.89
<b>1,045.07</b>	<b>490.82</b>

\* Includes dues to related parties (refer note 33)

**Disclosure required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

Particulars	31 March 2020	31 March 2019
a) Principal amount remaining unpaid as at the end of the accounting year	37.46	6.93
b) Interest due on the above remaining unpaid as at the end of the accounting year	2.36	4.40
c) The amount of interest paid along with the amounts of the payment made beyond the appointed day	-	-
d) The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the MSMED Act, 2006;	-	-
e) The amount of interest accrued and remaining unpaid at the end of the accounting year	6.75	4.40
f) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

All trade payables are current. The Company's exposure to currency and liquidity risks related to trade payables is disclosed in Note 37.

**20 Other financial liabilities**

**31 March 2020    31 March 2019**

**Current**

- Creditors for capital goods
- Statutory liabilities

**Total**

4.97	10.82
4.86	6.63
<b>9.83</b>	<b>17.45</b>

**21 Other Current liabilities**

**31 March 2020    31 March 2019**

- Advance from customers
- Interest payable to vendors registered under MSMED Act
- Payable to related parties (Refer note 33)

**Total**

16.69	32.17
6.75	4.40
1.74	-
<b>25.18</b>	<b>36.57</b>

**22 Provisions**

**31 March 2020    31 March 2019**

**Current**

- Provision for employee benefits
  - Gratuity (refer note 35)
  - Compensated absences

**Total**

1.79	0.69
1.59	0.55
<b>3.38</b>	<b>1.24</b>





**Vivimed Life Sciences Private Limited**

**Notes forming part of the financial statements**

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

**23 Revenue from operations**

	31 March 2020	31 March 2019
Revenue from sale of products	1,083.31	591.39
Other operating revenue	44.75	103.08
<b>Total</b>	<b>1,128.06</b>	<b>694.47</b>

**Other operating revenue comprises:**

Government incentive	25.65	20.34
Product development services	-	75.54
Duty Drawback - Incentives	6.37	7.21
Others	12.73	-
<b>Total</b>	<b>44.75</b>	<b>103.09</b>

**24 Other income**

	31 March 2020	31 March 2019
Scrap Sales	1.79	0.38
Net gain on foreign currency transactions	45.00	3.55
Interest income	0.44	4.62
Liabilities no longer payable written back	21.27	2.64
<b>Total</b>	<b>68.50</b>	<b>11.19</b>

**25 Cost of materials consumed**

	31 March 2020	31 March 2019
Opening Stock	129.48	130.48
Add : Purchases during the year RM, PM, Consumables	814.81	469.10
	<b>944.29</b>	<b>599.58</b>
Less : Closing Stock of Raw Materials and Consumables	363.89	129.48
<b>Total</b>	<b>580.40</b>	<b>470.10</b>

**26 Changes in inventories and Work in progress**

	31 March 2020	31 March 2019
Finished Goods		
Inventories at the beginning of the year	11.48	-
Less : Inventories at the end of the year	33.86	11.48
<b>Sub Total (A)</b>	<b>(22.38)</b>	<b>(11.48)</b>
Semi Finished Goods & Work in Progress		
Inventories at the beginning of the year	47.46	38.19
Less : Inventories at the end of the year	24.48	47.46
<b>Sub Total (B)</b>	<b>22.98</b>	<b>(9.26)</b>
<b>(Increase) / Decrease in Inventories</b>	<b>0.60</b>	<b>(20.75)</b>

**27 Employee benefits expense**

	31 March 2020	31 March 2019
Salaries, wages and bonus	135.00	83.57
Contribution to provident and other funds	7.18	4.26
Gratuity (Refer note 35)	1.66	0.85
Staff welfare expenses	14.80	11.28
<b>Total</b>	<b>158.64</b>	<b>99.96</b>



**Vivimed Life Sciences Private Limited**

**Notes forming part of the financial statements**

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

**28 Finance costs**

	31 March 2020	31 March 2019
Interest on Borrowings from banks	31.19	28.71
Interest to Group Companies (Refer note 33)	54.02	2.28
Interest - Others	4.30	4.40
Other finance costs	2.97	2.49
Guarantee commission (Refer note 33)	2.90	2.75
<b>Total</b>	<b>95.38</b>	<b>40.63</b>

**29 Depreciation and amortisation expense**

	31 March 2020	31 March 2019
Depreciation of tangible assets	40.94	30.84
Amortization of intangible assets	0.09	-
<b>Total</b>	<b>41.03</b>	<b>30.84</b>

**30 Other expenses**

	31 March 2020	31 March 2019
Subcontracting charges	15.25	7.21
Power, Fuel & Water	57.67	39.09
Rent	4.63	-
Repairs and maintenance:		
- Buildings	14.36	3.34
- Machinery	24.32	4.00
- Others	1.83	17.91
Security charges	2.64	1.52
Insurance	0.59	0.47
Rates & Taxes	37.06	1.27
Communication	2.38	12.60
Travelling and conveyance	3.28	1.46
Printing & Stationery	2.30	0.65
Impairment of Intangibles	-	4.44
Carriage, freight and forwarding	8.47	0.50
Support Service charges (Refer Note 33)	3.30	-
Legal and professional fees	21.66	1.14
Payments to auditors (Refer Note (i) below)	0.83	0.50
Loss on sale of property, plant and equipment	2.50	-
Consumption of stores and spares	61.37	43.41
USFDA - Facility Fees	15.83	17.85
Advances written off	3.47	0.19
Bad debts written off / provision for doubtful trade and other receivables	19.58	58.88
Other Manufacturing Expenses	-	7.34
Site Transfer Expenses / Job Work Charges	-	46.29
Research and development expenses	2.43	-
Miscellaneous Expenses	2.21	1.18
<b>Total</b>	<b>307.96</b>	<b>271.26</b>

**Note:**

(i) Payments to the auditors comprises (net of taxes) for:

	31 March 2020	31 March 2019
- Statutory Audit	0.70	0.50
- Taxation matters	0.13	-
<b>Total</b>	<b>0.83</b>	<b>0.50</b>





Vivimed Life Sciences Private Limited

Notes forming part of the financial statements

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

31 Exceptional items of gain / (loss) (net)

Reversal of capacity reservation compensation  
Capital Work-in-progress written off  
**Total**

31 March 2020	31 March 2019
-	(84.28)
-	(23.88)
-	<b>(108.16)</b>

32 Tax expenses

Current income tax:  
Current income tax charge  
Deferred tax:  
Relating to originating and reversal of temporary differences  
**Income tax expense recognised in the statement of profit or loss**

31 March 2020	31 March 2019
-	-
-	(11.18)
-	<b>(11.18)</b>

Unrecognised deductible temporary differences, unused tax losses and unused tax credits:

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:

-tax losses (revenue in nature)  
-tax losses (capital in nature)  
-unused tax credits  
-deductible temporary differences - u/s 43B, 40(a)(ia) etc

31 March 2020	31 March 2019
92.48	76.86
-	-
-	-
5.80	2.95
<b>98.28</b>	<b>79.81</b>

**Note:** Deferred tax asset has not been recognised on the grounds of prudence.



33 Related party disclosures

a) Names of related parties and description of relationship

Holding Company	Strides Pharma Science Limited	w.e.f. 29.03.2019
Holding Company	Vivimed Labs Limited	upto 28.03.2019
Entities Exercising Significant Influence	Strides Pharma Science Limited	upto 28.03.2019
Group Companies	Finoso Pharma Private Limited	upto 28.03.2019
	Union Quimico Farmaceutica S.A.U	upto 28.03.2019
	Strides Vivimed Pte Ltd	-
	Uquifa Mexico S.A. DE C.V.	upto 28.03.2019
	Arco Lab Private Limited	w.e.f. 29.03.2019
	Strides Pharma Global Pte Limited	w.e.f. 29.03.2019
	Strides Pharma Inc	w.e.f. 29.03.2019
Enterprises owned / significantly influenced by	Solara Active Pharma Science Limited	w.e.f. 29.03.2019
KMP of Holding Company	Aurore Pharmaceuticals Private Limited	w.e.f. 29.03.2019

(b) Transactions with related parties

Entity	Nature of Transactions	Holding Company		Group company		Significant influence entity		Enterprises owned / significantly influenced by KMP of Holding Company	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Arco Lab Private Limited	Support service expense	-	-	2.55	0.14	-	-	-	-
	Reimbursement of expenses incurred by	-	-	0.60	-	-	-	-	-
Finoso Pharma Private Limited	Purchase of materials	-	-	-	1.17	-	-	-	-
	Other income	-	-	-	20.89	-	-	-	-
	Loan availed	785.60	5.00	-	-	-	161.20	-	-
	Loan repaid	226.00	-	-	-	-	-	-	-
	Interest expense	54.02	2.28	-	-	-	-	-	-
	Advances taken	-	-	-	-	-	-	-	-
Strides Pharma Science Limited	Advances repaid	-	-	-	-	-	50.49	-	-
	Other income / (reversal)	-	-	-	-	-	134.60	-	-
	Purchase of materials	179.31	0.91	-	-	-	(84.28)	-	-
	Purchase of assets	4.61	-	-	-	-	11.80	-	-
	Guarantee commission	2.90	0.27	-	-	-	0.10	-	-
	Reimbursement of expenses incurred by	6.88	-	-	-	-	2.49	-	-
	Sale of materials	17.33	-	-	-	-	4.00	-	-
	Support service expense	0.89	-	-	-	-	2.87	-	-
Strides Vivimed Pte Ltd	Selling price difference payment	-	-	-	7.34	-	45.50	-	-
	Export of goods	-	-	-	101.04	-	-	-	-
Union Quimico Farmaceutica S.A.U	Purchase of materials	-	-	-	10.04	-	-	-	-
Uquifa Mexico S.A. DE C.V.	Purchase of materials	-	-	-	11.41	-	-	-	-
	Sale of material	-	0.81	-	-	-	-	-	-
	Interest income	-	4.33	-	-	-	-	-	-
Vivimed Labs Limited	Reimbursement of expenses incurred by	-	14.45	-	-	-	-	-	-
	Reimbursement of expenses incurred on behalf of	-	31.23	-	-	-	-	-	-
	Advances given	-	7.47	-	-	-	-	-	-
	Advances recovered	-	64.02	-	-	-	-	-	-
Solara Active Pharma Science Limited	Purchase of materials	-	-	-	-	-	-	6.00	-
Strides Pharma Global Pte Limited	Sale of Materials	-	-	804.33	-	-	-	-	-
	Reimbursement of expenses incurred on behalf of	-	-	0.24	-	-	-	-	-
Strides Pharma Inc	Reimbursement of expenses incurred by	-	-	-	-	-	-	-	-
Aurore Pharmaceuticals Private Limited	Purchase of materials	-	-	7.22	-	-	-	-	0.05





**Vivimed Life Sciences Private Limited****Notes forming part of the financial statements**

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

**c) Managerial Remuneration**

Key Managerial Personnel	Nature of Relationship	For the year ended 31 March 2020	For the year ended 31 March 2019
Venkatesh Kailasanathan (w.e.f. Mar 14, 2019)	Chief Financial Officer	-	-
Ravi Prakash Reddy (w.e.f. Mar 14, 2019)	Manager	9.07	0.18
Radhakrishnan K V (w.e.f. Mar 14, 2019)	Company Secretary	0.93	-

**d) Details of balances receivable from and payable to related parties are as follows:**

Name of Related Party	As at 31 March 2020	As at 31 March 2019
<b>Balances Receivable / (Payable)</b>		
Strides Pharma Science Limited	(1,019.60)	(194.19)
Strides Vivimed Pte Ltd	-	68.23
Arco Lab Private Limited	(0.93)	(0.16)
Solara Active Pharma Science Limited	(7.08)	(8.50)
Strides Pharma Global Pte Limited	516.97	-
Strides Pharma Inc	(7.13)	-
Aurore Pharmaceuticals Private Limited	(0.07)	-

**e) Terms and conditions of transactions with related parties:**

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free.

**34 Segment information**

In accordance with Ind AS 108 - Operating segments, segment information has been provided in the consolidated financial statements of Strides Pharma Science Limited (the Holding Company) and therefore no separate disclosure on segment information is given in these financial statements.

**35 Gratuity**

The Company provides its employees with benefits under a defined benefit plan, referred to as the "Gratuity Plan". The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/exit.

The following tables summarize the components of net benefit expense recognised in the statement of profit or loss & the amounts recognised in the balance sheet:



**Vivimed Life Sciences Private Limited**

**Notes forming part of the financial statements**

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

**Reconciliation of opening and closing balances of the present value of the defined benefit obligations:**

Particulars	31 March 2020	31 March 2019
<b>Opening balance</b>	<b>6.14</b>	<b>2.48</b>
Current service cost	1.25	0.49
Interest cost	0.41	0.19
Benefits paid	(1.30)	(0.49)
Actuarial (gain)/loss	7.15	3.30
Acquisition / Divestiture	-	0.17
<b>Closing balance</b>	<b>13.64</b>	<b>6.14</b>
Present value of projected benefit obligation at the end of the year	13.64	6.14
Fair value of plan assets at the end of the year	-	-
Net liability recognised in the balance sheet	<b>13.64</b>	<b>6.14</b>
Current provision	1.79	0.69
Non current provision	11.86	5.45
<b>Expenses recognised in statement of profit and loss</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
Service cost	1.25	0.49
Interest cost	0.41	0.19
<b>Gratuity cost</b>	<b>1.66</b>	<b>0.68</b>
<b>Re-measurement gains/ (losses) in OCI</b>		
Actuarial (Gain) / Loss due to Demographic Assumption changes in DBO	0	1.11
Actuarial (Gain) / Loss due to Financial Assumption changes in DBO	0.63	2.23
Actuarial gain / (loss) due to others	6.51	(0.03)
Remeasurement because of OB difference	-	-
Return on plan assets greater (less) than discount rate	-	-
<b>Total expenses routed through OCI</b>	<b>7.15</b>	<b>3.30</b>

Assumptions	31 March 2020	31 March 2019
Discount rate (per annum)	6.40%	7.15%
Future salary increases	10.00%	10.00%

**A quantitative sensitivity analysis for significant assumption and its impact on projected benefit obligation are as follows:**

Particulars	31 March 2020	31 March 2019
Impact of 1% increase in discount rate	12.81	5.78
Impact of 1% decrease in discount rate	14.58	6.54
Impact of 1% increase in salary growth rate	14.52	6.53
Impact of 1% decrease in salary growth rate	12.84	5.79

These sensitives have been calculated to show the movement in projected benefit obligation in isolation and assuming there are no other changes in market conditions.

**Expected future Cash outflows towards the plan are as follows-**

Financial Year	31 March 2020
2020-21	1.79
2021-22	1.43
2022-23	1.45
2023-24	1.41
2024-25	1.45
2025-26 to 2029-30	5.93





**Vivimed Life Sciences Private Limited**

**Notes forming part of the financial statements**

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

**Actuarial Assumptions for Long-term Compensated Absence**

Actuarial Assumptions	31 March 2020	31 March 2019
Discount Rate	6.40%	7.15%
Salary escalation Rate	10.00%	10.00%
Attrition Rate	-	-
Charge In the Statement of Profit and Loss	8.45	2.75
Liability at the year end	10.99	4.06

**Note:** The estimates and rate of escalation in salary considered in actuarial valuation take into consideration inflation, seniority, promotion and other relevant factors such as employment market conditions. These figure are as certified by an actuary.

**36 Earnings per share**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

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

The following table sets out the computation of basic and diluted earnings per share:

Particulars	31 March 2020	31 March 2019
Profit for the year attributable to equity share holders	12.55	(283.36)
<b>Shares</b>		
Weighted average number of equity shares outstanding during the year – basic	28,266,880	28,266,880
Weighted average number of equity shares outstanding during the year – diluted	28,266,880	28,266,880
<b>Earnings per share</b>		
Earnings per share of par value ₹ 10 – basic (₹)	0.44	(10.02)
Earnings per share of par value ₹ 10 – diluted (₹)	0.44	(10.02)



**37 Financial risk management objectives and policies**

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support Company's operations. The Company's principal financial assets include inventory, trade and other receivables, cash and cash equivalents and refundable deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

**a) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and other price risk, such as commodity risk. Financial instruments affected by market risk include loans and borrowings and refundable deposits. The sensitivity analysis in the following sections relate to the position as at March 31, 2020 and March 31, 2019. The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt.

The analysis excludes the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The below assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2020 and March 31, 2019.

**b) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of variable rate borrowings. The Company does not enter into any interest rate swaps.

**Interest rate sensitivity**

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

	Increase/decrease in interest rate	Effect on profit before tax
<b>March 31, 2020</b>		
INR in million	+1%	(10.70)
INR in million	-1%	10.70
<b>March 31, 2019</b>		
INR in million	+1%	(4.88)
INR in million	-1%	4.88

**c) Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk arises principally from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the receivables team. The Company establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on the past and the recent collection trend.

Credit risk on cash and cash equivalent is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

**d) Liquidity risk**

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

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

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
<b>Year ended March 31, 2020</b>						
Short-term Borrowings	995.37	-	-	-	-	995.37
Term Loan	-	-	25.00	50.00	-	75.00
Long-term Borrowings	-	-	-	-	-	-
Trade payables	1,045.07	-	-	-	-	1,045.07
<b>Year ended March 31, 2019</b>						
Short-term Borrowings	219.67	-	25.00	-	-	244.67
Term Loan	-	-	-	75.00	-	75.00
Long-term Borrowings	-	-	-	168.26	-	168.26
Trade payables	490.82	-	-	-	-	490.82





**38 Capital management**

The Company's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio. For the purpose of debt to total equity ratio, debt considered is long-term and short-term borrowings. Total equity comprise of issued share capital and all other equity reserves.

The capital structure as of March 31, 2020 and March 31, 2019 was as follows:

Particulars	31 March 2020	31 March 2019
Total equity attributable to the equity shareholders of the Company	469.95	464.55
As a percentage of total capital	30.51%	48.77%
Long term borrowings including current maturities	75.00	268.26
Short term borrowings	995.37	219.67
<b>Total borrowings</b>	<b>1,070.37</b>	<b>487.93</b>
As a percentage of total capital	69.49%	51.23%
<b>Total capital (equity and borrowings)</b>	<b>1,540.32</b>	<b>952.48</b>

**39 Foreign Currency Exposure**

Foreign Currency Exposure as at March 31, 2020 that have not been hedged by a derivative instrument or other wise:

Particulars	31st March 2020		31st March 2019	
	Amount in Foreign Currency	₹ in Million	Amount in Foreign Currency	₹ in Million
Receivables - USD	13.07	978.41	4.25	293.14
Receivables - EURO	0.02	1.88	-	-
Receivables - CHF	0.03	2.56	-	-
<b>Total</b>		<b>982.85</b>	<b>4.25</b>	<b>293.14</b>
Payables - USD	2.78	209.50	0.38	26.36
Payables - EURO	0.05	4.13	0.03	2.06
<b>Total</b>		<b>213.63</b>	<b>0.41</b>	<b>28.42</b>

**40 Merger of the Company with Strides Pharma Science Limited**

The proposal relating to the Merger of the Company with Strides Pharma Science Limited, Holding Company has been approved by the Board on January 30, 2020, wherein it was noted that the Appointed Date for the proposed Merger shall be October 1 2020. The necessary legal formalities are yet to be commenced in this regard.

**41 Prior year comparatives**

The figures of the previous year have been regrouped/reclassified, where necessary, to conform with the current year's classification.

for and on behalf of the Board of Directors of

Vivimed Life Sciences Private Limited

CIN: U24304TG2017PTC115352

Venkata Seetharama Raju Pakalapati

Director

DIN: 07500141

Venkatesh Kailasanathan

Chief Financial Officer

Vikesh Kumar

Director

DIN: 07669087

Radhakrishnan Vaidyanathan Kollengode

Company Secretary

M.No. A35149



Place: Bengaluru

Date: June 16, 2020

