



July 29, 2020

The National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex,
Bandra (E), Mumbai – 400 051

The BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001

Scrip code: STAR

Scrip code: 532531

Dear Sirs,

Re: Notice of 29th Annual General Meeting and Annual Report for FY 2019-2020

This is to inform you that the 29th Annual General Meeting ('AGM') of the Company is scheduled to be held on Thursday, August 20, 2020 at 15:00 hrs IST through Video Conference/ Other Audio-Visual Means.

As required under SEBI Listing Regulations, we are enclosing herewith Notice of the AGM and Annual Report for FY 2019-2020 which is being sent through electronic mode to the Members of the Company.

A copy of the same is also available on the Company's website www.strides.com

This is for your information and records.

Thanks & Regards,
For Strides Pharma Science Limited

Manjula Ramamurthy
Company Secretary



Strides Pharma Science Limited

CIN: L24230MH1990PLC057062

Corp Off: Strides House, Bilekahalli, Bannerghatta Road, Bangalore - 560 076, India
Tel: +91 80 6784 0000 Fax: +91 80 6784 0700

Regd Off: 201, Devavrata, Sector 17, Vashi, Navi Mumbai – 400 703, India
Tel: +91 22 2789 2924 / 3199 Fax: +91 22 2789 2942
info@strides.com; www.strides.com



STRIDES PHARMA SCIENCE LIMITED

(Formerly Strides Shasun Limited)

CIN: L24230MH1990PLC057062

Regd. Office: 201, 'Devavrata', Sector – 17, Vashi, Navi Mumbai – 400 703

Tel No.: +91 22 2789 2924/ 2789 3199, Fax No.: +91 22 2789 2942

Corp. Office: 'Strides House', Bilekahalli, Bannerghatta Road, Bengaluru – 560 076

Tel No.: +91 80 6784 0000/ 6784 0290, Fax No.: +91 80 6784 0700

Website: www.strides.com; Email: investors@strides.com

Dear Members,

Invitation to attend the 29th Annual General Meeting of the Company on Thursday, August 20, 2020

You are cordially invited to attend the 29th Annual General Meeting (AGM) of the Company to be held on Thursday, August 20, 2020 at 15:00 hrs IST through video conferencing / other audio - visual means. The notice convening the Annual General Meeting is attached herewith.

In order to enable ease of participation of the Members, we are providing below the key details regarding the meeting for your reference:

| # | Particulars | Details |
|-----|---|---|
| 1. | Link for live webcast of the Annual General Meeting and for participation through Video Conferencing (VC) | https://emeetings.kfintech.com/ |
| 2. | Link for remote e-voting | https://evoting.karvy.com/ |
| 3. | Username and password for VC | Members may attend the AGM through VC by accessing the link https://emeetings.kfintech.com by using the remote e-voting credentials. Please refer the instructions of this Notice for further information. |
| 4. | Helpline number for VC participation and e-voting | Contact Mr. Raju S.V/ Mr. Mohan Kumar A of KFin Technologies Private Limited at +91 40 6716 2222 or at 1800 345 4001 (toll free). |
| 5. | Cut-off date for e-voting | Thursday, August 13, 2020 |
| 6. | Time period for remote e-voting | Starts from 09:00 hrs IST on Sunday, August 16, 2020 and ends on Wednesday, August 19, 2020 at 17:00 hrs IST. |
| 7. | Link for Members to temporarily update e-mail address | https://ris.kfintech.com/email_registration/ |
| 8. | Last date for publishing results of the e-voting | Saturday, August 22, 2020 |
| 9. | Registrar and Share Transfer Agent contact Details | KFin Technologies Private Limited E-mail: inward_ris@kfintech.com ; Tel No.: +91 40 6716 2222 or at 1800 345 4001 (toll free) |
| 10. | Scrutinizer Details | Mr. Binoy Chacko (Membership No. FCS: 4792 and CP: 4221), Partner of M/s. Joseph and Chacko LLP, Company Secretaries, Bangalore Email: binoy@jandc.in |
| 11. | Strides' contact details | Email: investors@strides.com Tel No.: +91 80 6784 0000/ 6784 0290 |

Date: May 20, 2020

Place: Bengaluru

Yours truly,
Manjula Ramamurthy
Company Secretary



Notice

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NOTICE is hereby given that the Twenty-Ninth Annual General Meeting ('AGM') of the Members of the Company will be held on Thursday, August 20, 2020 at 15:00 hrs IST through Video Conferencing/ Other Audio-Visual Means to transact the following business:

Ordinary Business

Item 1: Adoption of Audited Financial Statements for the Financial Year ended March 31, 2020

To receive, consider, approve and adopt:

- the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2020 together with the Reports of Board of Directors and Auditors thereon.
- the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2020 and the Report of Auditors thereon.

Item 2: Declaration of Final Dividend and confirmation of Interim Dividend for the Financial Year ended March 31, 2020

To declare a Final Dividend of ₹ 2/- per equity share of face value ₹ 10/- each for the Financial Year ended March 31, 2020 and to confirm Interim Dividend of ₹ 12/- per equity share of ₹ 10/- each paid for the Financial Year ended March 31, 2020.

Item 3: Re-Appointment of Mr. Arun Kumar, retiring director, as a Non-Executive Director

Effective April 1, 2020, Mr. Arun Kumar (DIN: 00084845) has moved to non-executive position and is Chairperson of the Board. Mr. Arun Kumar retires by rotation and being eligible, offers himself for re-appointment as a Non-Executive Director of the Company.

Special Business

Item 4: Appointment of Dr. Kausalya Santhanam as an Independent Director of the Company

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED that Dr. Kausalya Santhanam (DIN: 06999168), who was appointed as an Additional Director of the Company by the Board of Directors with effect from December 11, 2019, pursuant to Section 161 of the Companies Act, 2013 ("the Act") and the Rules framed thereunder, who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company effective from December 11, 2019.

RESOLVED FURTHER that pursuant to the provisions of Sections 149, 150, 152, Schedule IV and other applicable provisions, if any, of the Act read with Rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') (including any statutory modification(s) or re-enactment thereof to the Act and Listing Regulations) as amended from time to time and pursuant to the Articles of Association of the Company, consent of the Members be and is hereby accorded to appoint Dr. Kausalya Santhanam as an Independent Director of the Company for a period of five years effective from December 11, 2019, not liable to retire by rotation.

RESOLVED FURTHER that any Director or Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters, things and sign and file all such papers, documents, forms and writings as may be necessary and incidental to the aforesaid resolution."

Item 5: Appointment of Dr. R Ananthanarayanan as a Managing Director & Chief Executive Officer of the Company

To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED that Dr. R Ananthanarayanan (DIN: 02231540) (Ananth) who was appointed as an Additional Director of the Company by the Board of Directors with effect from January 9, 2020 pursuant to Section 161 of the Companies Act, 2013 ("the Act") and the Rules framed thereunder, who holds office up to the date of this Annual General Meeting, be appointed as a Director of the Company with effect from January 9, 2020.

RESOLVED FURTHER that in accordance with the provisions of Sections 196, 203 and other applicable provisions, if any, of the Act read with Rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') (including any statutory modification(s) or re-enactment thereof to the Act and Listing Regulations) and pursuant to the Articles of Association of the Company, consent of the Members be and is hereby accorded for the appointment of Dr. R. Ananthanarayanan as the Managing Director & Chief Executive Officer of the Company, liable to retire by rotation, for a period of five years effective from January 9, 2020 on such terms of employment as agreed between the Company and Ananth and set out in the Explanatory Statement annexed to the notice convening this meeting.

RESOLVED FURTHER that in accordance with the provisions of Sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') (including any statutory modification(s) or re-enactment thereof to the Act and Listing Regulations), consent of the Members be and is hereby accorded to pay remuneration as set out in the Explanatory Statement annexed to the notice convening this meeting for a period of three years from January 9, 2020 to January 8, 2023.

RESOLVED FURTHER that in terms of the applicable provisions and Schedule V of the Companies Act, 2013, where in any financial year during the tenure of Ananth, the Company has no profits, or its profits are inadequate, the Company shall pay Ananth, the remuneration as specified in the explanatory statement to this Notice, as the minimum remuneration.

RESOLVED FURTHER that any Director or Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters, things and sign and file all such papers, documents, forms and writings as may be necessary and incidental to the aforesaid resolution."

Item 6: Re-appointment of Mr. Badree Komandur as an Executive Director-Finance & Group CFO of the Company

To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED that in accordance with the provisions of Sections 196, 203 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') (including any statutory modification(s) or re-enactment thereof to the Act and Listing Regulations) and pursuant to the Articles of Association of the Company, consent of the Members be and is hereby accorded for the re-appointment of Mr. Badree Komandur (DIN: 07803242) (Badree) as an Executive Director-Finance & Group CFO of the Company, liable to retire by rotation, for a further period of three years with effect from May 18, 2020 and to pay remuneration as set out in the Explanatory Statement annexed to the notice convening this meeting.

RESOLVED FURTHER that in terms of the applicable provisions and Schedule V of the Companies Act, 2013, where in any financial year during the tenure of Badree, the Company has no profits or its profits are inadequate, the Company shall pay Badree, the remuneration as specified in the explanatory statement to this Notice, as the minimum remuneration.

RESOLVED FURTHER that any Director or Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters, things and sign and file all such papers, documents, forms and writings as may be necessary and incidental to the aforesaid resolution."

Item 7: Ratification of remuneration payable to M/s. Rao, Murthy & Associates, Cost Auditors of the Company for FY 2019-20

To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof), M/s. Rao, Murthy & Associates, Cost Accountants (Firm Registration No.: 000065), appointed as Cost Auditors by the Board of Directors to audit the cost records of the Company for FY 2019-2020, be paid a remuneration not exceeding ₹ 3.00 Lakhs (Rupees Three Lakhs only) plus applicable taxes, if any.

RESOLVED FURTHER that any Director or Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters, things and sign and file all such papers, documents, forms and writings as may be necessary and incidental to the aforesaid resolution."

Notes

- 1) The Statement pursuant to Section 102 of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.

Board of Directors of the Company at its meeting held on May 20, 2020 considered that the special business under Item Nos. 4 to 7, being considered unavoidable, to be transacted at the AGM of the Company.

- 2) **General instructions for accessing and participating in the AGM through Video Conference/ Other Audio-Visual Means (VC/ OAVM) Facility and voting through electronic means including remote e-Voting**

- a) In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) permitted holding of the Annual General Meeting (“AGM”) through VC/ OAVM, without physical presence of the Members at a common venue.

In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and MCA Circulars, AGM of the Company is being held through VC.

- b) The Company has enabled Members to participate at the AGM through the VC facility provided by KFin Technologies Private Limited, Registrar and Share Transfer Agents. The instructions for participation by Members are given in the subsequent paragraphs.
- c) Proceedings of the AGM will be web-casted live for all the Members as on the cut-off date i.e., Thursday, August 13, 2020. Members may visit <https://emeetings.kfintech.com> and login through existing user id and password to watch the live proceedings of the AGM on Thursday, August 20, 2020 from 15:00 hrs IST onwards.
- d) In view of AGM being held by VC/ OVAM::
 - i) physical attendance of Members has been dispensed with;
 - ii) the facility for appointment of proxies by the Members will not be available for the AGM and hence Proxy Form and Attendance Slip are not annexed to this Notice;

Members attending the AGM through VC shall be counted for the purpose of reckoning quorum under Section 103 of the Act.

- iii) route map for the location of the meeting is also not provided;

- e) Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM through VC.
- f) Corporate Members intending to authorize their representatives to participate and vote at the meeting are requested to send a certified copy of the Board Resolution to the Company.

The said Resolution/ Authorization is requested to be sent to the Scrutinizer’s registered email address at binoy@jandc.in with a copy to Company at investors@strides.com and RTA i.e., KFin Technologies Private Limited (‘KFin’) at einward.ris@kfintech.com

- g) Members shall have the option to vote electronically (“e-voting”) either before the AGM (“remote e-voting”) or during the AGM.

In compliance with the provisions of Section 108 of the Act read with Relevant Rules, Secretarial Standard on General Meetings (“SS-2”), Regulation 44 of the SEBI Listing Regulations and MCA Circulars, the facility for remote e-voting and e-voting in respect of the business to be transacted at the AGM is being provided by the Company through KFin Technologies Private Limited (‘KFin’). Necessary arrangements have been made by the Company to facilitate remote e-voting and e-voting during the AGM.

- h) Members are requested to join AGM through VC/ OAVM Facility by following the procedure as mentioned in this notice which shall be kept open for the Members from 14:30 hrs IST i.e., 30 minutes before the time scheduled to start the AGM and the Company shall close the window for joining the VC/OAVM Facility 30 minutes after the scheduled time to start the AGM.

- 3) **Process for Members to register their email ids (if not already registered):**

Members who have not registered their e-mail address are requested to register the same in respect of shares held in electronic form with the Depository through their Depository Participant(s) and in respect of shares held in physical form by writing to the Company’s Registrar and Share Transfer Agent, KFin Technologies Private Limited at einward.ris@kfintech.com

Members may note that pursuant to the General Circular No. 20/2020 dated May 5, 2020 issued by the MCA, the Company has enabled a process for the limited purpose of receiving the Company’s annual report and notice for the Annual General Meeting (including remote e-voting instructions) electronically, and Members may temporarily

update their email address by accessing the link https://ris.kfintech.com/email_registration/ by providing the requisite details of their holdings and documents for registering their e-mail address.

4) Instruction for Members for remote e-voting are as under:

Members who have registered their email id with the Company/ Depository Participants shall receive an email from KFin and are requested to follow the below instructions:

- a) The remote e-voting period will commence at 09:00 hrs IST on Sunday, August 16, 2020 and will end at 17:00 hrs IST on Wednesday, August 19, 2020. Thereafter the facility of e-voting shall forthwith be blocked.
- b) To use the following URL for e-voting: <https://evoting.karvy.com/>
- c) Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFin for e-voting, you can use your existing User ID and password for casting your vote.
- d) After entering the details appropriately, click on LOGIN.
- e) Password change menu will appear. Change the Password with a new Password of your choice. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character.
- f) Kindly note that this password can be used by the Members for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through KFin Technologies Private Limited e-Voting platform.
- g) System will prompt you to change your password and update any contact details like mobile number, email ID etc., on first login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it.
- h) Login again with the new credentials.
- i) On successful login, system will prompt to select the 'Event' i.e., the Company name - 'Strides Pharma Science Limited'.
- j) On the voting page, you will see Resolution description and against the same the option 'FOR/ AGAINST/ ABSTAIN' for voting.

k) Enter the number of shares (which represents number of votes) under 'FOR/ AGAINST/ ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/ AGAINST' taken together should not exceed your total shareholding. If the Member does not want to cast his vote, select 'ABSTAIN'.

l) Members holding multiple folios/ demat account shall choose the voting process separately for each folios/ demat account.

m) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

n) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.

o) In case of any queries, you may refer the Frequently Asked Questions (FAQs) and e-voting User Manual for Members available at the download section of <https://evoting.karvy.com> or contact Mr. Raju S.V/ Mr. Mohan Kumar A of KFin Technologies Private Limited at +91 40 6716 2222 or at 1800 345 4001 (toll free).

In case of Members who have not registered their e-mail address (including Members holding shares in physical form), please follow the steps for registration of e-mail address and obtaining User ID and Password for e-voting as mentioned in point no. 3 of the "Notes" and para (g) under the "Other Guidelines for Members" section below.

5) Instructions for Members participating in the AGM through VC/ OAVM

a) Members will be able to attend the AGM through VC/ OAVM or view the live webcast of AGM at <https://emeetings.kfintech.com/> and click on the 'video conference' and access the shareholders/ members log in by using the remote e-voting login credentials.

The link for AGM will be available in shareholders/ members login where the 'EVENT' and the name of the Company can be selected.

Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice.

Further, Members can also use the OTP based login for logging into the e-voting system.

- b) Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience.
- c) Members will be required to grant access to the web-cam to enable two-way video conferencing
- d) Members who may want to express their views or ask questions at the AGM may visit <https://emeetings.kfintech.com> and click on the tab "Post Your Queries Here" to post their queries in the window provided, by mentioning their name, demat account number/folio number, email ID and mobile number.

The window shall remain active during the remote e-voting period and shall be closed 48 hours before the time fixed for the AGM.

- e) In addition to the above-mentioned step, the Members may register themselves as speakers for the AGM to post their queries. Accordingly, the Members may visit <https://emeetings.kfintech.com/> and click on 'Speaker Registration' during the remote e-voting period. Members shall be provided a 'queue number' before the AGM.
- f) Facility of joining the AGM through VC/ OAVM shall be available for 1,000 members on first come first served basis.

However, participation of members holding 2% or more shares, Promoters, Institutional Investors, Directors, Key Managerial Personnel, Chairpersons of Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Auditors are not restricted on first come first serve basis.

- g) Members who need technical assistance before or during the AGM, can contact KFin at <https://ris.kfintech.com/agmqa/agmqa/login.aspx> or contact Mr. Raju S.V/ Mr. Mohan Kumar A of KFin at +91 40 6716 2222 or at 1800 345 4001 (toll free).

6) Instructions for Members for e-Voting during the AGM are as under:

- a) The e-Voting "Thumb sign" on the left-hand corner of the video screen shall be activated upon instructions of the Chairperson during the AGM proceedings. Members are requested to click on the same which shall take them to "instapoll" page.
- b) Members to click on the "Instapoll" icon to reach the resolution page and follow the instructions to vote on the resolutions.
- c) Only those Members, who are present in the AGM and who have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall

be eligible to vote through e-Voting system available during the AGM.

7) Other guidelines for Members

- a) It is recommended to use stable Wi-Fi or LAN Connection to avoid any kind of glitches relating to connectivity.
- b) It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/ Password?" or "Physical User Reset Password?" option available on <https://evoting.karvy.com/> to reset the password.

- c) The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date of Thursday, August 13, 2020.

A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting or casting vote through e-Voting system during the meeting.

- d) In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- e) Members are requested to apply for consolidation of folios, in case their holdings are maintained in multiple folios.
- f) AGM Notice shall be emailed to those shareholders who are holding Strides shares as at Friday, July 17, 2020.
- g) Any person, who acquires shares of the Company and becomes a Member of the Company after the Company sends the Notice of the AGM and as at the cut-off date i.e., Thursday, August 13, 2020 may approach the Registrar for issuance of the User ID and Password for exercising their right to vote by electronic means.
- h) Mr. Binoy Chacko (Membership No. FCS: 4792 and CP: 4221), Partner of M/s. Joseph and Chacko LLP, Company Secretaries, Bangalore, has been appointed as the Scrutinizer to scrutinize the remote e-voting process and voting at the AGM in a fair and transparent manner.
- i) During the AGM, the Chairman shall formally propose to the Members participating through VC/ OAVM Facility to vote on the resolutions as

set out in the Notice of the AGM, if already not voted through remote voting. Voting at the AGM shall be kept open for a period of 30 mins after the AGM ends.

- j) Scrutinizer shall submit his report to the Chairperson after completion of scrutiny.
- k) Results of the Meeting along with Scrutinizer Report shall be declared by the Chairperson/ any other person authorized within 48 hours from the conclusion of the meeting to the stock exchanges where the shares of the Company are listed and shall also be placed on the Company's website and on the website of KFin at <https://evoting.karvy.com/>
- l) Notice of the AGM and Annual Report for FY 2019-2020 will be available on the website of the Company at www.strides.com and the website of stock exchanges where the Company is listed.
- m) Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, July 28, 2020 upto Thursday, August 20, 2020 (both days inclusive) for the purpose of AGM.
- n) The Board of Directors have recommended a Final Dividend of ₹ 2/- per equity share of ₹ 10/- each for financial year ended March 31, 2020, subject to approval of the Members at the AGM.

Record Date for entitlement of Final Dividend is Monday, July 27, 2020. The said dividend will be paid within a period of 30 days from the date of declaration, electronically through various online transfer modes to those Members who have updated their bank account details.

For Members who have not updated their bank account details, dividend warrants/ demand drafts/ cheques will be sent out to their registered addresses once the postal facility is available.

- o) **Process for Updating bank account details are as under:**
 - i) **Members holding shares in physical form:**
Send a request to RTA of the Company, KFin Technologies Private Limited at inward.ris@kfintech.com providing Folio No., Name of member, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar card) for updating bank account details.

Following additional details need to be provided in case of updating bank account details:

- Name and branch of the bank in which you wish to receive the dividend,
- the bank account type,
- Bank account number allotted by their banks after implementation of core banking solutions
- 9 digit MICR Code Number
- 11 digit IFSC
- a scanned copy of the cancelled cheque bearing the name of the first Member.

ii) Members holding shares in demat form:

Please update your Electronic Bank Mandate through your Depository Participant/s.

- p) During the FY 2019-2020, Company had declared and paid an interim dividend of ₹ 12/- per equity share of face value of ₹ 10/- each.

After taking into account the above interim dividend paid by the Company in the month of August 2019, total dividend for the financial year stands at ₹ 14/- per equity share.

- q) **Unclaimed Dividends and Transfer of Dividend and Shares to Investor Education & Protection Fund (IEPF)**

Members are requested to note that dividends that are not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, shall be transferred to the Investor Education and Protection Fund (IEPF). Shares on which dividend remains unclaimed for seven consecutive years shall be transferred to the IEPF as per Section 124 of the Act, read with applicable IEPF rules.

The Company has been sending reminders to Members having unpaid/ unclaimed dividend before transfer of such dividend/ shares to IEPF. Details of the unpaid/ unclaimed dividend are uploaded on the website of the Company at www.strides.com

Members wishing to claim dividends that remain unclaimed are requested to correspond with the RTA at inward.ris@kfintech.com or with the Company at investor@strides.com

In the event of transfer of shares and the unclaimed dividends to IEPF, Members are entitled to claim the same from the IEPF Authority by submitting an online application in the prescribed Form IEPF-5 available on the website <http://www.iepf.gov.in/> and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in Form IEPF-5. Members can file only one consolidated claim in a financial year as per the IEPF Rules.

The Company has also uploaded the details of unpaid and unclaimed amounts lying with the Company as at March 31, 2019 on the Company's website.

- r) To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised to not leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified from time to time.
- s) SEBI has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market.

Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participant(s). Members

holding shares in physical form are required to submit their PAN details to the RTA.

- t) In terms of the Listing Regulations, securities of listed companies can only be transferred in dematerialized form with effect from 1st April 2019. In view of the above, Members are advised to dematerialize shares held by them in physical form.
- u) All documents referred to in the accompanying Notice of the AGM and the Explanatory Statement shall be available for inspection electronically.

In addition, following documents shall also be available for inspection electronically:

- Certificate from the Statutory Auditors relating to the Company's Stock Options under SEBI (Share Based Employee Benefits) Regulations, 2014.
- Register of Directors and Key Managerial Personnel and their shareholding, and the Register of Contracts or Arrangements in which the Directors are interested, maintained under the Companies Act, 2013.

Members seeking to inspect the above documents can send an email to investors@strides.com.

Explanatory Statement

(Pursuant to Section 102 of the Companies Act, 2013)

As required by Section 102 of the Companies Act, 2013 (Act), the following explanatory statement sets out all the material facts relating to the business mentioned under Item No. 4 to 7 of the accompanying Notice:

Item 4: Appointment of Dr. Kausalya Santhanam as an Independent Director of the Company

The Board of Directors pursuant to recommendation of Nomination and Remuneration Committee appointed Dr. Kausalya Santhanam (DIN: 06999168) as an Independent Director of the Company effective from December 11, 2019 for a period of 5 years.

In accordance with Section 161(1) of the Companies Act, 2013, Kausalya holds office as an Additional Director up to the date of ensuing Annual General Meeting of the Company.

Profile of Dr. Kausalya Santhanam (Kausalya)

Dr. Kausalya Santhanam, aged 51 years, is a Patent attorney registered with the Indian Patent Office as well as the US Patent and Trademark Office and is the Founder of SciVista IP & Communication.

She has a Ph.D in Cell biology and Immunology from Post Graduate Institute of Medical Education and Research (PGIMER) Chandigarh.

Her Post-Doctoral training was in Cancer Biology at Center for Cellular and Molecular Biology (CCMB), Hyderabad. Later she was a National Research Council (NRC) Fellow at Walter Reed Army Institute of Research, Washington DC and then a Research Associate at Albert Einstein College of Medicine, New York. Later, she worked for five years as an in-house counsel in the Intellectual Property Department of CuraGen Corporation, a Biopharmaceutical company at Connecticut, USA.

Upon her return to India, Kausalya started SciVista IP & Communication that provides services in the area of Intellectual Property including IP strategies to Biotech, Pharma, Nutraceuticals, Agriculture, nanotechnology and BioPharma Companies. Kausalya also holds a Law (LLB) Degree from Mumbai University, India.

She is currently an Adjunct Professor at IIT Jodhpur, Global Executive MBA Program, Ahmedabad University and is also a speaker at various patent-related workshops and training programs in Academia and Industry.

At Strides, Kausalya is Chairperson of the CSR Committee and Member of Audit Committee and Nomination and Remuneration Committee.

In terms of the provisions of Regulation 24 of SEBI Listing Regulations, Kausalya is also a Director on the Board of the following Material Subsidiaries of the Company:

- Strides Pharma Asia Pte. Ltd, Singapore – appointed on January 25, 2020
- Strides Pharma Global Pte. Limited, Singapore – appointed on January 25, 2020

Remuneration at Strides

As an Independent Director of Strides, Kausalya receives sitting fees of ₹ 100,000 each for attending Board and Audit Committee Meetings, which is at par with the sitting fees paid to other Non- Executive Directors of the Company. Kausalya is also eligible for annual commission paid to Non-Executive Directors, as may be approved by the Board of Directors of the Company.

As Director of Strides' Material Subsidiaries, Kausalya is eligible to receive USD 1,500 (less applicable taxes) per quarter per entity for the meetings attended by her.

Other Directorships held by Kausalya are:

| # | Name of the Entity | Category of Directorship |
|---|--|--------------------------|
| | Solara Active Pharma Sciences Limited, India | Independent Director |
| | Sequent Scientific Limited, India | Independent Director |
| | Desh Seva Samiti, India | Director |
| | Alivira Animal Health Limited, Ireland | Director |
| | Laboratorios Karizoo, SA, Spain | Director |

Committee Memberships held by Kausalya in other companies are:

| Company Name | Committee | Chairperson/Member |
|---------------------------------------|---|--------------------|
| Solara Active Pharma Sciences Limited | Audit Committee | Member |
| | Stakeholder Relationship Committee | Member |
| | Corporate Social Responsibility Committee | Chairperson |
| SeQuent Scientific Limited | Audit Committee | Member |
| | Stakeholder Relationship Committee | Chairperson |
| | Corporate Social Responsibility Committee | Member |
| | Nomination and Remuneration Committee | Chairperson |

Attendance at Strides' Board Meetings

Strides had conducted three Board Meetings post Kausalya's appointment as an Independent Director and she has attended all the three meetings.

Confirmations received from Kausalya

Kausalya has consented to act as a Director in terms of Section 152 of the Companies Act, 2013 and has provided a declaration that she is not disqualified from

being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

Kausalya has also confirmed that she meets the criteria of independence under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As mandated by the Ministry of Corporate Affairs, Kausalya has completed her registration on the databank of Independent Directors created by MCA and Indian Institute of Corporate Affairs. Further, she has also completed the Online Proficiency Test as mandated by MCA.

As at date of this notice, Kausalya holds 1,003 shares in the Company.

Kausalya doesn't have any pecuniary relationship with the Company directly or indirectly other than the remuneration she receives as a Non-Executive Director of the Company and is not related to any director/managerial personnel of the Company.

Further, the Company has received a notice under Section 160 of the Companies Act, 2013 from a Member signifying the intention to propose the candidature of Kausalya as an Independent Director of the Company.

Recommendation of the Board

In the opinion of the Board, Kausalya is independent of the Management and fulfils all the conditions as specified in the Companies Act, 2013 and the Rules made thereunder for appointment as an Independent Director of the Company.

Board believes that Kausalya possesses relevant expertise and experience for being appointed as an Independent Director of the Company and considers her association would be of immense benefit to the Company.

Board recommends her appointment as an Independent Director of the Company, not liable to retire by rotation, for a period of 5 years effective from December 11, 2019 by passing an Ordinary Resolution as set out in Item no. 4 of this notice.

Draft Letter of Appointment for Independent Director setting out terms and conditions of appointment is available on the website of the Company at www.strides.com.

Except Kausalya none of the Directors, Key Managerial Personnel and their relatives, are in any way concerned or interested, financially or otherwise, in this resolution except to the extent of their shareholding as Members.

Item 5: Appointment of Dr. R Ananthanarayanan as a Managing Director & Chief Executive Officer of the Company

The Board of Directors pursuant to the recommendation of Nomination and Remuneration Committee appointed

Dr. R Ananthanarayanan (DIN: 02231540) as the Managing Director & Chief Executive Officer of the Company for five years with effect from January 9, 2020. Ananth succeeded Mr. Arun Kumar, Founder and the erstwhile Group CEO & MD of the Company.

In accordance with Section 161(1) of the Companies Act, 2013, Ananth holds office as an Additional Director up to the date of ensuing Annual General Meeting of the Company.

Profile of Dr. R Ananthanarayanan (Ananth)

Dr. R Ananthanarayanan, aged 55 years, has over three decades of top pedigree global pharmaceutical experience across both the technical and commercial functions.

Before joining Strides, Ananth was the Global Chief Operating Officer at Cipla Limited. At Cipla, Ananth was responsible for the Company's generics business in regulated markets and branded generics in emerging markets. He was also driving their API business, biosimilars, complex drug-device combinations, including 505(b)(2) products.

Before Cipla, Dr Ananth was the President & CEO of Global APIs, Biologics, & Medis Generics B2B division at Teva Pharmaceutical Industries Ltd in the US, managing multi-billion P&L responsibility. He was also holding leadership roles at Dr Reddy's Laboratories, Piramal Healthcare (Formerly Nicholas Piramal), Galpharm International, UK (Acquired by Perrigo Group) and Zydus Cadila.

Ananth is a Graduate in Pharmaceutical Sciences and has earned his PhD in Pharmaceutical Technology from the University of Mumbai, India. He has also been a member of the Board of Advisors at the School of Pharmacy and Health Sciences at Fairleigh Dickinson University, New Jersey.

Currently, Ananth is a Member of Stakeholders Relationship Committee, Risk Management Committee and Management Committee of the Company.

Ananth is also a Non-Executive Director in the following Strides' Group entities:

| # | Name of the entity | Date of Appointment |
|----|---|---------------------|
| 1. | Strides Pharma Asia Pte. Ltd, Singapore | Jan 30, 2020 |
| 2. | Strides Pharma Global Pte. Limited, Singapore | Jan 30, 2020 |
| 3. | Sihuan Strides (HK) Ltd, Hong Kong | Feb 14, 2020 |

Proposed Remuneration

The Board has recommended the following remuneration to Ananth, which is in line with industry standards for a similar role, including the payouts Ananth had from his previous employer.

| # | Particulars | Amount |
|---|---|--|
| 1 | Salary comprising of | |
| | Fixed Component | ₹ 6 Crores per annum |
| | Variable Component: Performance payout, as may be approved by the Board of Directors. <i>Payout shall be based on the achievement of Strategic, Operational and Financial outcomes as agreed with Board for the Financial Year 20-21.</i> | ₹ 3.60 Crores per annum |
| 2 | Joining Bonus Paid/ to be paid in tranches for over six months from the date of joining. <i>This amount has a claw-back provision on the full value should Ananth decide to leave the organization within 36 months from the respective date of disbursements.</i> | ₹ 14.16 Crores |
| 3 | Performance/ Milestone linked Long Term Incentive Grant as per ‘Strides Long Term Incentive Plan 2020’. Strides Long Term Incentive Plan 2020 (the “Plan”) is a bespoke plan designed for the CEO to reward him for the value creation the incumbent delivers for the shareholders. The Plan delivers outcomes to the CEO based on performance improvement in the earnings of the Company throughout his employment and also upside/ downside is linked to changes in share price of the company. <i>Payout is conditional upon continued employment with the Company over the vesting period and also the share price.</i> Salient features of the Scheme are provided as Annexure 1. | ₹ 3 Crores (Base award) <i>For subsequent years, any increase in award size is linked to improvement in EBITDA as agreed with the Board of Directors.</i> |
| 4 | Other Benefits a) Company provided Car with a chauffeur; b) One Club Membership for the duration of his employment in the Company; c) Global Health Insurance for the family; d) Parental Insurance as per the Rules of the Company; e) Encashment of un-availed leave as per the Rules of the Company | |
| 5 | Annual Increment in Remuneration Not exceeding 30% of the last drawn remuneration as may be approved by the Nomination and Remuneration Committee and Board of Directors. | |
| 6 | Minimum Remuneration in the case no profits/ inadequate profits In terms of the applicable provisions and Schedule V of the Companies Act, 2013, where in any financial year during the tenure of Ananth, the Company has no profit, or its profits are inadequate, remuneration comprising of salary, joining bonus, payment under incentive plan, perquisites and other benefits and emoluments approved herein (including the revision in remuneration as may be approved by the Board of Directors from time to time) be continued to be paid as Minimum Remuneration to Ananth for a period not exceeding three years. | |

Attendance at Strides’ Board Meetings

Strides had conducted two Board Meetings post Ananth’s appointment and he has attended both the meetings.

Confirmations received from Ananth

Ananth has consented to act as Director in terms of Section 152 of the Companies Act, 2013 and has provided a declaration that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

As at date of this notice, Ananth does not hold any shares in the Company (directly or indirectly).

Further, the Company has received a notice under Section 160 of the Companies Act, 2013 from a Member signifying the intention to propose the candidature of Ananth as a Managing Director & CEO of the Company.

Recommendation of the Board

As Managing Director & CEO of the Company, Ananth will head the entire operations of Strides. The Board strongly believes that Ananth’s exceptional global techno-commercial experience and leadership stature in managing the P&Ls of large global pharmaceutical companies will multiply the Company’s commitment to creating lasting value for all its stakeholders.

A copy of Memorandum of Terms of Appointment of Ananth is available for electronic inspection till the date of the AGM.

Information as required under Schedule V of the Companies Act, 2013 is enclosed as Annexure 2.

Board recommends his appointment to the Members as a Managing Director & CEO of the Company, liable to retire by rotation, by passing Special Resolution as set out in Item 5 of this notice.

Except Ananth none of the Directors, Key Managerial Personnel and their relatives, are in any way concerned or interested, financially or otherwise, in this resolution except to the extent of their shareholding as Members.

Item 6: Re-appointment of Mr. Badree Komandur as an Executive Director-Finance & Group CFO of the Company

The Board of Directors pursuant to recommendation of Nomination and Remuneration Committee has re-appointed Mr. Badree Komandur (DIN: 07803242) as an Executive Director-Finance & Group CFO for a second term of 3 years commencing from May 18, 2020, liable to retire by rotation, which is subject to approval of Members of the Company.

Profile of Mr. Badree Komandur (Badree)

Badree Komandur, aged 49 years, holds a degree in Commerce from the University of Madras and is a Member of the Institute of Chartered Accountants of India, the Institute of Company Secretaries of India and the Institute of Cost Accountants of India.

Badree has over 25 years of rich and comprehensive experience in Corporate Finance & Taxation, Treasury & Forex Management, Mergers & Acquisitions, Debt Syndication, Fund Raising, Governance and Investor Relations Management. He is associated with Strides since February 2010, and before joining Strides, he had

over 15 years of experience working in varied sectors including Information Technology and Engineering.

Prior to his first term of appointment as Executive Director – Finance & Group CFO of Strides in May 2017, Badree was the Group CFO & Company Secretary of the Company.

Badree has been significant individual contributor and key management personnel in Strides and has played an influential role in implementing the strategies of Group. Under his astute leadership, Strides has achieved many successful outcomes, including delivering strong shareholder value by way of strategic transactions which Strides has successfully executed over time.

His ability to holistically appraise the business strategy and his financial insight have led to Strides achieving key milestones which include the right sizing of Company's debt, controlling the cost of capital and at the same time ensure that the Company's growth aspirations are not compromised. He has also played an instrumental role in managing global compliances, risk management, Company's credit ratings and overall financial discipline in the system, despite a volatile business environment.

The Board and the leadership at Strides have always appreciated the initiatives led by Badree and has recommended his appointment for a second term as Executive Director – Finance & Group CFO.

Proposed Remuneration:

| # | Particulars | Amount | | | | |
|---|---|------------------------------|-----------------------------|--|-----------------------------|----------------------------------|
| 1 | Salary comprising of | Proposed Remuneration | Past Remuneration | | | |
| | Fixed Component | ₹ 3.65 Crores per annum | ₹ 3.10 Crores per annum | | | |
| | Variable Component - Performance payout, as may be approved by the Board of Directors. | ₹ 75 Lakhs per annum | ₹ 62.50 Lakhs per annum | | | |
| | <i>Payout shall be based on the achievement of Strategic, Operational and Financial outcomes as agreed with Board for the Financial Year 20-21.</i> | | | | | |
| 2 | Outstanding Stock Options held by Badree shall continue and vest as per his ESOP Offer Letters which is as under: | | | | | |
| | Number of Options granted | Date of Grant | Price per option (₹) | No of Options exercised till date | No of options lapsed | No of outstanding options |
| | 1,00,000 | August 14, 2017 | 555.18* | - | 20,000 | 80,000 |
| | 25,000 | August 8, 2018 | 301.00 | - | - | 25,000 |
| | Total Options | | | | | 105,000 |
| | *Originally granted at ₹ 656.10. Repriced in April 2018 consequent to demerger. | | | | | |
| | <i>Perquisites arising from exercise of Employee Stock Options (ESOP) held by him (vested and unvested) and from ESOPs that may be granted to him, shall also be part of remuneration stipulated under the Companies Act, 2013.</i> | | | | | |
| 3 | Other Benefits | | | | | |
| | a) Company provided Car with a chauffeur; | | | | | |
| | b) Encashment of un-availed leave as per the Rules of the Company | | | | | |
| 4 | Annual Increment in Fixed Salary: | | | | | |
| | Not exceeding 30% of the last drawn remuneration as may be approved by the Nomination and Remuneration Committee and Board of Directors. | | | | | |

5 **Minimum Remuneration in the case no profits/ inadequate profits**

In terms of the applicable provisions and Schedule V of the Companies Act, 2013, where in any financial year during the tenure of Badree, the Company has no profit, or its profits are inadequate, remuneration comprising of salary, perquisites and other benefits and emoluments approved herein (including the revision in remuneration as may be approved by the Board of Directors from time to time) be continued to be paid as Minimum Remuneration to Badree for a period not exceeding three years.

Attendance at Strides' Board Meetings

Strides had conducted seven Board Meetings during FY 19-20 and Badree has attended all the meetings during the year.

Confirmations received from Badree

Badree has consented to act as a Director in terms of Section 152 of the Companies Act, 2013 and has provided a declaration that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

As at date of this notice, Badree does not hold any shares in the Company (directly or indirectly).

Further, the Company has received a notice under Section 160 of the Companies Act, 2013 from a Member signifying the intention to propose the candidature of Badree as an Executive Director-Finance & Group CFO of the Company.

Recommendation of the Board

As an Executive Director-Finance & Group CFO, Badree handles the entire finance function of Strides Group. The terms and conditions proposed are keeping in line with the remuneration package that is necessary to encourage good professionals with a sound career record for an important position as that of the 'Executive Director-Finance & Group CFO'.

The Nomination and Remuneration Committee and the Board considering Badree's contribution to the Company over the last 10 years, strongly believes that his extensive expertise in the field of finance will continue to efficiently manage the financial affairs of the Company.

A copy of Memorandum of Terms of Appointment of Badree is available for electronic inspection till the date of the AGM.

Information as required under Schedule V of the Companies Act, 2013 is enclosed as Annexure 2.

Board recommends his appointment as an Executive Director-Finance & Group CFO of the Company, liable to retire by rotation, by passing Special Resolution as set out in Item 6 of this notice.

Except Badree none of the Directors, Key Managerial Personnel and their relatives, are in any way concerned or interested, financially or otherwise, in this resolution except to the extent of their shareholding as Members.

Item 7: Remuneration to M/s. Rao, Murthy & Associates, Cost Auditors of the Company for the FY 2019-20

The Board of Directors of the Company, based on the recommendation of Audit Committee had approved the appointment of M/s. Rao, Murthy & Associates, Cost Accountants, (Firm Registration No.: 000065) as Cost Auditors of the Company for the FY 2019-20.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof) any remuneration payable to Cost Auditors has to be ratified by the Members of the Company.

Accordingly, Board recommends passing of the proposed resolution stated in Item 7 as an Ordinary Resolution and requests Members' approval for the same.

None of the Directors, Key Managerial Personnel, Promoters or their relatives are in any way concerned or interested, financially or otherwise, in this resolution except to the extent of their shareholding as Members.

Annexure 1

Salient features of the Incentive Plan are as under:

| Particulars | Remarks |
|---|---|
| Period of Long Term Incentive Plan | Shall be for five years commencing from May 20, 2020 |
| Mechanism | The long-term incentive under the Plan shall be in the form of Phantom Units (Unit(s)). Each such Unit, upon exercise, entitles the awardee a cash benefit equal to the Share Price on the date of exercise minus exercise price to be paid by the Company. The Units offered to Ananth would not result in the actual issue of shares of the Company. |
| Long Term Incentive Award | Base award size of ₹ 3 Crores. For subsequent years, any increase in award size is linked to improvement in EBITDA. Payout is conditional upon continued employment with the Company over the vesting period and also the share price. |
| Exercise Price | The exercise price for each Unit will be ₹ 10/- |
| Vesting Period | Each award will have a minimum vesting period of 1 year from the date of grant. The vesting period corresponding to each award will be defined in the award letter. |
| Exercise Period | <ul style="list-style-type: none"> The awardee can choose to Exercise the Units any time from the day of vesting up to 12 months from the day of vesting. The awardee has an option to seek from Nomination and Remuneration Committee ("NRC"), an extension of exercise period and the decision of the NRC will be considered as final. Upon exercise, the awardee will receive cash benefit in terms of Settlement Value within 30 days. Company may restrict the exercise of units as per the SEBI regulations governing insider trading and share purchase procedures for key management. |
| Settlement Value | <ul style="list-style-type: none"> For each Unit exercised, the Company will pay Settlement Value = (Share Price on the date of exercise minus exercise price) within 30 days from the date of exercise; Any such amount payable will be subject to the applicable tax deduction; For determining the share price on the date of exercise, the closing share price on the date of receipt of exercise notice on the exchange with the highest volume will be considered The Settlement value will not include any dividend that may be payable to ordinary shareholders of the Company. The total settlement value payable will be capped at two times the actual award size for each grant. However, the awardee has an option to seek from Nomination and Remuneration Committee on a case to case basis about the capping for a particular event or transaction. The final decision on the same will be taken by the Nomination and Remuneration Committee. |

Copy of the Incentive Plan is available for electronic inspection till the date of AGM for the Members of the Company.

Annexure 2

Information as required under Schedule V of the Companies Act, 2013 is provided below

I. General Information:

| | |
|--|---|
| 1) Nature of Industry | : Pharmaceutical Industry |
| 2) Date or expected date of commencement of commercial production | : Not applicable, as the Company is an existing Company |
| 3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus | : Not applicable, as the Company is an existing Company |

4) Financial performance based on given indicators (Standalone):

| Particulars | ₹ in Million | | |
|---|------------------|-----------------|-----------------|
| | 2019-20 | 2018-19 | 2017-18 |
| Total Revenue | 17,743.13 | 16,520.43 | 20,390.20 |
| Total Expense (excluding exception items) | 16,224.55 | 15,354.88 | 19,364.21 |
| Profit/ Loss After Tax | 1,116.99 | 1103.67 | 8,915.91 |
| Dividend per share | | | |
| Interim Dividend, if any | ₹ 12/- per share | - | - |
| Final Dividend | ₹ 2/- per share | ₹ 3/- per share | ₹ 2/- per share |
| Total dividend for FY | ₹ 14/- per share | ₹ 3/- per share | ₹ 2/- per share |

- 5) Foreign investments or collaborations, if any : The Company is listed on the BSE Limited and National Stock Exchange of India Limited.
As at March 31, 2020, the Foreign Holding in the Company was at 30.95%.
The Company does not have any Foreign Collaborations.

II. Information about Appointees

| | Dr. R Ananthanarayanan | Mr. Badree Komandur |
|---|--|--|
| Background details, Recognition/ Awards, Job Profile and Suitability to the role, Past Remuneration and Remuneration proposed | As mentioned in Explanatory Statement under Item 5 | As mentioned in Explanatory Statement under Item 6 |
| Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person | Considering the significant expertise of the Appointees in their respective areas and acknowledging the responsibilities shouldered by them, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar level counterpart(s) in other companies to encourage good professionals with a sound career record. | |
| Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any | Ananth and Badree do not have any pecuniary relationship with the Company other than the remuneration they received as Executive Directors of the Company and are not related to any director/ managerial personnel of the Company. | |

III. Other information

a) Reasons of loss or inadequate profits:

The Company is currently profitable and we expect the trend to continue in coming years.

These Special Resolution is proposed pursuant to the sub-section (1) of Section 197 of the Companies Act, 2013 as a matter of abundant precaution as the profitability of the Company may be adversely impacted in future due to business environment during the period for which remuneration is payable to Dr. R Ananthnarayanan and Mr. Badree Komandur.

b) Steps taken or proposed to be taken for improvement:

Our strategy has always been to play the contrarian game with steady focus on key markets, where we can disrupt segments, differentiate our portfolio and maximize margins. Our focus primarily is on regulated markets, where we can develop and manufacture a wide range of technically complex pharmaceutical products with a high technology barrier.

Our value enablers comprise our transcontinental presence, growing scale, reliable supply chain, rationalized cost structure, intelligent synergies, smart R&D and technology acumen; and above all commitment to always remain ahead in the compliance marathon.

For decades, we have meticulously sharpened our strategy to build on our core competence. We are one of India's leading pharmaceutical company with consumer-facing businesses across the key regulated and emerging markets. We develop and market niche and highly complex generic formulations across several dosage formats.

c) Expected increase in productivity and profits in measurable terms:

The Company has taken various initiatives to maintain its leadership, improve market share and financial performance. It has been aggressively pursuing and implementing its strategies to improve financial performance. We continue to expand our scale across key markets to take the fastest lane to relevant opportunity, maximize our portfolio, reach out to more customers and strengthen our margins.

STRATEGY AT
PLAY



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Performance in FY 2019-20


Adjusted financial performance*

| | | |
|--|---|--|
| 33%  | 153%  | 56%  |
| Revenues (₹29,127 Million) led by regulated markets | EBITDA (₹6,514 Million) leading to stable EBITDA margins (22.4%) expansion | Regulated market revenues (₹25,274 Million, FY 2019-20) driven by the US markets |

*Adjusted performance does not include the impact of Ranitidine withdrawal

Reported financial performance

| | | |
|--|---|--|
| 26%  | 105%  | 47%  |
| Revenues (₹27,637 Million) led by regulated markets | EBITDA (₹5,276 Million) leading to stable EBITDA margin (19.1%) expansion | Regulated market revenues (₹23,784 Million, FY 2019-20) driven by the US markets |

 Growth in FY 2019-20 over FY 2018-19

STRATEGY AT PLAY

Our strategy has always been to challenge conventional notions of doing business in the global pharmaceutical sector. It plays out in the way we conduct scenario analysis meticulously across key markets, disrupt existing segments with proper product selection, ramp up manufacturing capability and supply chain efficiency with speed, strengthen customer advocacy and maximise margins.

Our focus primarily is on regulated markets, where we develop and manufacture a wide range of technically complex pharmaceutical products with a high-technology barrier. On the other end of the spectrum, we continue to operate with a calibrated approach in emerging markets and institutional businesses; and we are expecting promising performance in the coming years.

Our value enablers comprise our transcontinental presence, growing scale, reliable supply chain, rationalised cost structure, smart R&D; and above all our commitment to always remain ahead on the compliance front.

Our DNA remains that of a challenger in a dynamic pharmaceutical landscape, and we will continue to play our strategy to create significant value for all stakeholders.

Corporate identity

Strengths meet strategy

For decades, we have meticulously sharpened our strategy and built on our capabilities to emerge among India's leading pharmaceutical companies with a growing presence across key global markets. We develop and market niche generic formulations across several dosage formats.

Market presence

Our regulated market operations span the US, the UK, rest of Europe, Canada and South Africa. Our emerging market operations are driven by a branded generics business in Africa and an institutional business for the donor programmes, serving the broader population.

Operational prowess

Our global manufacturing sites are located in India [Bengaluru (two), Puducherry, and Chennai], the US, Singapore, Italy and Kenya. We focus on the manufacture of differentiated products that are sold in several

countries globally; and continue to remain among the world's leading soft gelatin capsule manufacturers. We have a robust research and development (R&D) infrastructure in India with global filing capabilities.

We have put in place multiple delivery technologies and dosage formats across topicals, liquids, creams, ointments, soft gels, capsules, tablets and modified release formats. Over the years, we have made significant investments in synergic acquisitions, capacity expansions, R&D, IT infrastructure, quality and compliance to build a strong foundation for the future.

Teamwork

In all our efforts, the most critical driver of our success is our people. Their creativity, agility and commitment help us evolve with foresight and fortitude. Our empowered talent pool bring on board their technical acumen and science-based insight to deliver high compliance and quality medications.

Value curve

We have a track record of delivering over ₹2 Billion value to our stakeholders, including the pay out of one of the single largest dividend by any pharmaceutical company in India.



Our vision

To be the leading Indian pharma multinational with a reputation for the highest quality and integrity



Our mission

With a differentiated B2C portfolio focussed on attaining leadership, we will provide an unparalleled growth opportunity for our people and value creation opportunity for our stakeholders.



Our values

Integrity

We will follow the right practices and do the right thing

Collaboration

We will work together, understanding and supporting each other

Efficiency

We will do everything to deliver quicker, better results

Strides at a glance



30+ YEARS

Rich experience in the dynamic pharmaceutical industry



8

World-class manufacturing facilities spanning four continents



5

US FDA approved facilities*



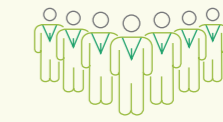
3,000+

Global workforce strength



100+

Country global presence



225+

R&D team size



~400+

Registrations for other regulated markets



124

Cumulative ANDAs filed (38 pending approval)*



18 Bn

Annual oral solid dosage capacity across our 8 plants



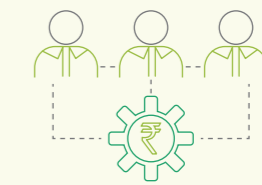
₹ 13,740 Mn

Debt repaid during the year



₹ 61,517 Mn

Balance sheet size



140%

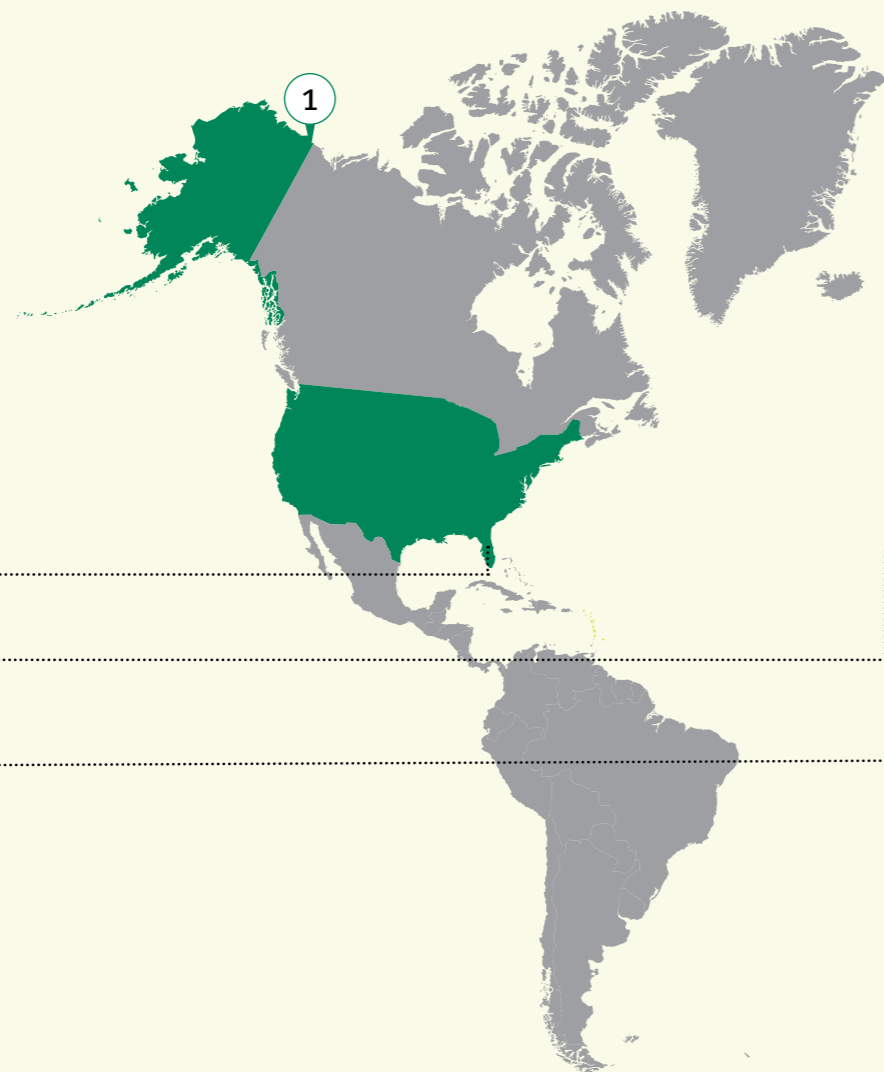
Dividend declared for FY 2019-20 (face value ₹10 per share)

*As on March 31, 2020

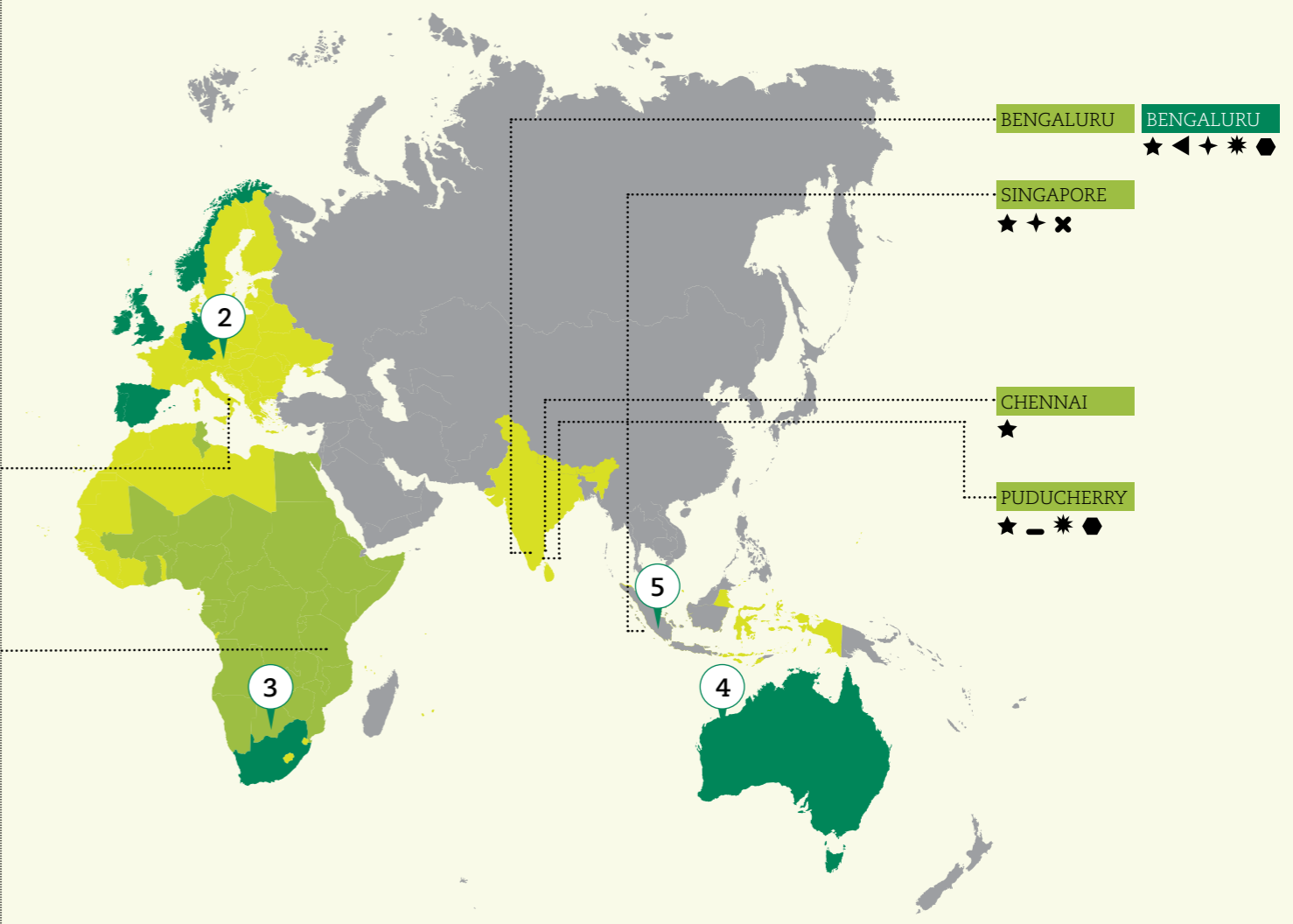
Facilities and presence

Expanding and deepening global reach

- 1. NORTH AMERICA**
Own front-end with a differentiated portfolio and legacy partnership business
- 2. EUROPE**
Driven by the UK front-end and strategic tie-ups across the rest of Europe
- 3. AFRICA**
Pan Africa presence with 'In Africa, for Africa' strategy
- 4. AUSTRALIA**
Preferred supply contract with Arrotex - the #1 generics entity in Australia
- 5. SINGAPORE**
Strides' International HQ with US FDA approved facility



- FLORIDA ★
- ITALY ✱
- KENYA ◀



- BENGALURU ★◀✱✱
- SINGAPORE ★✱✱
- CHENNAI ★
- PUDUCHERRY ★ - ✱

Geography-wise revenue (Reported)

| Geographies | Revenues in FY 20 | Revenues in FY 19 | Year-on-year growth | % of total business |
|--------------------------------------|-------------------|-------------------|---------------------|---------------------|
| US | 15,422 | 10,514 | 47% | 56% |
| Other regulated markets ¹ | 8,361 | 5,687 | 47% | 30% |
| Regulated markets | 23,784 | 16,201 | 47% | 86% |
| Africa | 1,482 | 2,081 | -29% | 5% |
| Institutional business | 2,372 | 3,654 | -35% | 9% |
| Emerging markets | 3,853 | 5,735 | 33% | 14% |
| Group revenues | 27,637 | 21,936 | 26% | 100% |

Geography-wise revenue (Adjusted)

| Geographies | Revenues in FY 20 | Revenues in FY 19 | Year-on-year growth | % of total business |
|--------------------------------------|-------------------|-------------------|---------------------|---------------------|
| US* | 16,912 | 10,514 | 61% | 58% |
| Other regulated markets ¹ | 8,361 | 5,687 | 47% | 29% |
| Regulated markets* | 25,274 | 16,201 | 56% | 87% |
| Africa | 1,482 | 2,081 | -29% | 5% |
| Institutional business | 2,372 | 3,654 | -35% | 8% |
| Emerging markets | 3,853 | 5,735 | 33% | 13% |
| Group revenues | 29,127 | 21,936 | 33% | 100% |

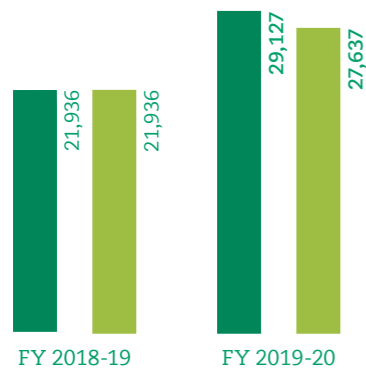
- Approvals**
- ★ Food and Drug Administration (FDA)
 - ✱ Medicines and Healthcare products Regulatory Agency (MHRA)
 - ◀ World Health Organisation (WHO)
 - ✦ Therapeutic Goods Administration (TGA)
 - Brazilian Health Surveillance Agency (ANVISA)
 - Pharmaceuticals and Medical Devices Agency (PMDA)
 - ✱ Health Sciences Authority (HSA)
- Markets**
- Regulated
 - Emerging

1: UK, EU, South Africa, Canada and the supplies to Australia.
* Adjusted performance does not include the impact of Ranitidine withdrawal

Key Performance Indicators

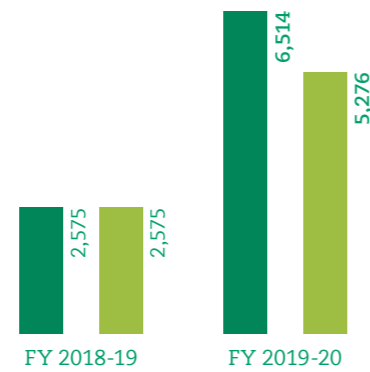
Financial progress

Revenue
(₹ in Million)



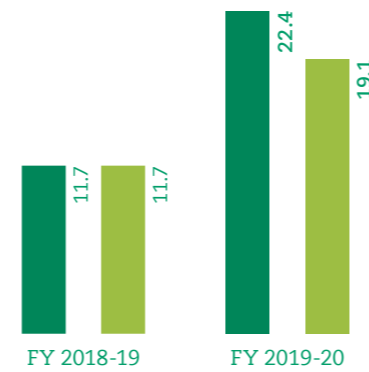
⬆️ 33% | 26%

EBITDA
(₹ in Million)



⬆️ 153% | 105%

EBITDA margins
(%)

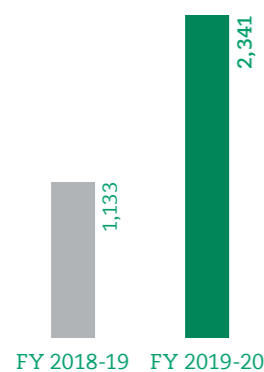


⬆️ 1070 bps | 740 bps

■ Adjusted performance*
■ Reported performance

* Adjusted performance does not include the impact of Ranitidine withdrawal

Adjusted profit after tax#
(₹ in Million)



⬆️ 106.6%

Adjusted earnings per share
(₹)



⬆️ 105.5%

Pharma ROCE
(%)



⬆️ 700 bps

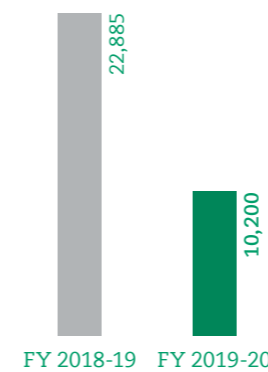
#For Q1 FY20, adjusted for Biotech and CHC share of loss of ₹448 Million and exceptional loss of ₹1,701 Million. FY 2019-20, adjusted for Biotech and CHC share of loss of ₹1,072 Million and exceptional loss of ₹777 Million



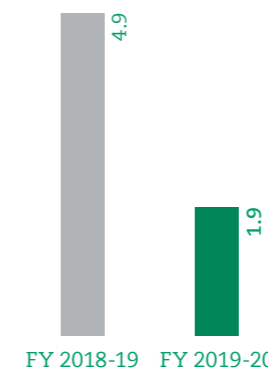
Significant deleveraging of debt

Deleveraging debt undertaken during FY 2019-20 helped strengthen the balance sheet significantly with a right-sized debt supporting continuing operations. The bulk of the proceeds from Australian divestment was used for reducing debt.

Total debt#
(₹ in Million)



Total net debt to EBITDA
(x)



1. The capital employed in Biotech and CHC represents capital deployed in Stelis Biopharma and CHC business, which are high capital long gestation businesses.
2. Net debt (on constant currency) to EBITDA is calculated on the total net debt for the group.
3. Pharma ROCE is computed, excluding capital employed in Stelis and CHC business.

⬆️ Growth in FY 2019-20 over FY 2018-19

Ranitidine update

Accelerating growth, despite product withdrawal

On the last day of FY 2019-20, the US FDA issued letters to all manufacturers of Ranitidine formulations requesting the withdrawal of all prescription (Rx) and over-the-counter (OTC) Ranitidine drugs from the US market immediately.

Ranitidine timeline

September, 2019

US FDA and other regulators, including EMA/TGA issued a statement alerting patients of NDMA found in samples of Ranitidine. However, these agencies did not announce any intention to recall the product.

US FDA asks all Ranitidine manufacturers to conduct laboratory testing to examine levels of NDMA in Ranitidine and to send samples to the agency.

Strides voluntarily suspends sale of Ranitidine Rx tablets in the US market until further test results were available.

October, 2019

US FDA issued a statement recommending the use of an LC-HRMS testing protocol to test Ranitidine samples.

US FDA releases additional testing methods for NDMA tests for those companies who have difficulties in testing as per original HR-MS method.

March, 2020

US FDA issues letters to all manufacturers of Ranitidine formulations requesting the withdrawal of all prescription (Rx) and over-the-counter (OTC) Ranitidine drugs from the market immediately.

November, 2019

US FDA announces laboratory testing and analysis of Ranitidine and announces the acceptable NDMA limits.

In the summary of test results provided by US FDA, Strides' Ranitidine tablets were found to be within the acceptable limits for NDMA of 96 nanograms per day or 0.32 parts per Million.

Strides announced relaunch of Ranitidine tablets in the US

market and awaited US FDA's clearance for the relaunch of the product.

FDA formally communicates to Strides that it has no objection to relaunch Strides' Ranitidine tablets.

Strides reinitiates distribution of the product in the US and becomes the sole supplier of Ranitidine tablets



Impact of Ranitidine withdrawal

- Ranitidine was a ~US\$9 Million business in the US in the first half of FY 2019-20.
- After the relaunch of Ranitidine in the market in November, Strides garnered a significant market share. We achieved ~US\$37 Million revenues from Ranitidine following relaunch.
- In line with our strategy, Strides had built an inventory to avoid out-of-stock situations and safeguard itself against any potential FTS implications.
- Given the withdrawal event, the inventory had to be written off and the same including withdrawal cost has been reported as an exceptional loss.

US business stands strong

Our US business has multiple levers to sustain our growth momentum. During FY 2019-20, we launched 6 products delivering revenues of ~US\$20 Million in FY 2019-20 with ~ US\$45 Million annualised revenues. Our focus is to grow our market share across the commercialised products.

Of 35 products approved earlier but not commercialised, 3 products were introduced to market in FY 2019-20, as we completed our initiatives around supply chain and site programme to meet our financial thresholds. We initiated supplies of two products under the US government's Veterans Affairs programme from our greenfield facility in Singapore.



Portfolio break-up

| Product category | Number of products | Market opportunity (US\$ Billion) |
|--------------------------------------|--------------------|-----------------------------------|
| Products commercialised | 42 | 4.9 |
| Products approved not commercialised | 32 | 1.7 |
| Filed and pending approval | 39 | 7.9 |
| Under development, to be filed | 38 | 9.5 |

Way forward

In FY 2020-21, we plan to introduce 4-5 new products from already approved product basket as we build on our strategic play in the evolving business landscape. We also expect a significant ramp-up in supplies under the VA programme with 5+ additional products. Moreover, 10-12 new product approvals are expected in FY 2020-21, and we expect to file 12-15 new ANDAs with the US FDA.

Founder's perspective

Right strategy. Prudent play.



Our performance during the year validates our continuing focus on ground realities and making the most of available opportunities.

Arun

Dear Friends,

It is always a privilege for me to be able to share my thoughts with you on our performance and way forward, but before I delve into that let me wish you all good health and well-being in these testing times.

You may be aware that when we reset our strategy last year, it was all about 'less is more'. This reset meant focusing more on products and markets that would give us a significant improvement in the financial outcomes, and yet allowing us to be the contrarian that we are as a company. As we continue to focus primarily on regulated markets, we have been able to disrupt the markets where we operate in terms of product selection, manufacturing capability, supply efficiency, customer advocacy, product quality and safety standards.

If we take an overarching view, we find a dramatic shift in the business environment for the global generics play. The consolidation strategy of large

Pharma has not panned out as expected, giving opportunities to emerging players like us. We are finding pockets of possibilities where we can make a difference, achieve good business case, and build on our strengths. Loving and nurturing the niche has always held us in good stead.

Accepting the misses of the year

For several years, Strides has maintained a strong compliance track record with the regulatory agencies, including the US FDA. However, FY 2019-20 has had an exception in Puducherry as the US FDA reclassified our facility as Official Action Indicated (OAI) and we received a warning letter in July 2019. This event has cast a blemish on our otherwise exemplary track record in having successful outcome from inspections. Committed to the highest standards of quality and compliance, we are working diligently with the US FDA to

We are finding pockets of possibilities where we can make a difference, achieve good business case, and build on our strengths. Loving and nurturing the niche has always held us in good stead.

resolve all relevant concerns and currently awaiting intimation from the US FDA on reinspection timelines. We strongly believe that Puducherry event has been an unprecedented outcome as following this inspection, we concluded 6 FDA inspections of which 2 were 'Zero 483s' and the Establishment Inspection Report (EIR) has been received for all inspections.

In terms of the business, we also experienced another unforeseen development that presented itself on the last day of the financial year in the form of a US FDA notification directing all manufacturers of 'Ranitidine' to withdraw their products from the markets. We have discussed the impact of this withdrawal in detail separately in this Report.

Ears to the ground

In FY 2019-20, we covered good ground across performance parameters with a resurgent spirit and tailored strategy across key markets. That said, there are many

more milestones to accomplish in the long marathon. To put things in perspective, we are fortifying our manufacturing capabilities, raising quality benchmarks, crafting differentiated product pipeline and upskilling people.

Our performance during the year validates our continued focus on ground realities and making the most of available opportunities. 'Reset to Resurgence' is an eventful and exciting journey that we are happy to undertake and at which we can persevere. In FY 2019-20, we achieved 33%* revenue growth of ₹29,127 Million*, compared to ₹21,936 Million in FY 2018-19.

Our EBITDA stood at ₹6,514 Million* in FY 2019-20 against ₹2,575 Million in the previous year. We reported a 22.4%* EBITDA margin, which is a new milestone for Strides. Our profitability stood at ₹2,341 Million with EPS of ₹26.1. Our strategies continue to play out in the major markets, delivering profitable growth with encouraging EBITDA expansion.

*Adjusted performance does not include the impact of Ranitidine withdrawal

Regulated markets

The regulated markets, led by the US, performed well during the year. Our US business continued to benefit from careful product selection and thoughtful launches, driven by our well-entrenched front-end. Despite the discontinuation of Ranitidine, we remain confident of our US business and continue to maintain positive progress and outlook. We have 123 cumulative ANDA filings with US FDA, of which 85 ANDAs have been approved already, and only 35+ products are commercialised in the US. We also have a pipeline of 38 products pending approval with the US FDA. Our future growth in the US will primarily be driven through improved market shares and healthy order book for our commercialised products, along with a robust pipeline of new launches in the market.

Aligned with our growth plans, we recently acquired a US FDA approved manufacturing facility in

Founder's perspective

the US. This facility will meet the enhanced capacity requirements for soft gels, other than our flagship facility in Bengaluru. We also acquired 18 ANDAs from Pharmaceutics International, Inc. for the US market (US\$2.5 Billion market opportunity), enabling us to strengthen our offerings further and continue to maintain healthy growth in the future.

Our growth momentum continues in the front-end-led markets of the UK, South Africa and Canada. There is strong profitability led by expansive penetration, operating leverage and a large pipeline of approved products with market fungibility. We have also scaled up our supplies to Australia. Besides these, we acquired a strategic stake in Fairmed Healthcare AG in Europe, thereby gaining a strong foothold in Germany, Austria and Switzerland (DACH region).

In the reporting year, we also announced our re-entry into the sterile injectables segment with an incremental investment of ~US\$40 Million in Stelis Biopharma, which will have three growth drivers viz. biopharmaceuticals

products, Contract Organisation (CDMO) and biologics services and CMO operations for sterile injectables. With Stelis' multiple growth pillars, profitability and reliable cash flows, we expect to break-even at an operating level and start generating positive returns very soon.

Emerging markets and global access market/donor business

Our reset strategy for emerging markets and global access market or donor business resulted in a moderate performance. We are regulating channel hygiene with a greater focus in our branded generics business in Africa with a redesigned portfolio and market selection. We are also developing a steady portfolio to be at the forefront of new regimen products in the antiviral space. We have shifted our key products in the institutional business from India to our manufacturing site in Nairobi, Kenya, for an 'In Africa for Africa' market play. The businesses have bottomed out in FY 2019-20, and with the expected play-out of our strategy, it will now witness improvements as we progress.

Global pandemic

As a global pharmaceutical company, we are committed to contributing our scale and expertise to help the world combat the COVID-19 outbreak. I am happy to share that we have commercialised a key antiviral medication for the export markets, and the product is also undergoing development for India. This drug has demonstrated positive outcomes for COVID-19 patients. We are excited to contribute to the global mission for a COVID-19-free world while operating with the highest standards of ethics and integrity.

Next happens now

Innovation
Innovation continues unabated at Strides. We are harnessing the promise of emerging technologies and targeted therapeutic segments to grow our market presence globally. During the year, we filed 4 new ANDAs for the US market and received 7 product approvals, which will be commercialised soon. We have 20 new product filings for other regulated markets. Our

R&D spend during the year stood at ₹939 Million, driven by focused filings and development activity for sterile injectables.

Change of Guard

Our Company is always evolving, and this evolutionary DNA is adeptly reflected in our Board strength and diversity. I am happy to inform you that the Board has appointed Dr R Ananthanarayanan as Managing Director and Chief Executive Officer of the Company. I believe the time was right for me to step aside and help Ananth lead our Company to greater glories. Ananth brings in the right balance of technical and commercial expertise, and I am confident that Strides will benefit from his leadership strengths and business acumen. I have moved to a more strategic role as the Chairman of the Board and will dedicate time to Strides' investments in biotech and sterile injectables.

Over the last four months, I have been working closely with the leadership team, and I am happy to share with you all that along with Ananth the team is well on top of

things to take the enterprise ahead of the curve in this period of global pharmaceutical transformation. I am also confident that our people and our willingness to accept and embrace the challenges as opportunities, position Strides for a brighter future.

Strategic roadmap

Before I conclude, I will outline our future priorities in a nutshell:

- Continue with our blitzscaling and tailored strategy for the US market
- Strengthen profitability and cash flow with our well-crafted margin-accretive portfolio
- Foray into new markets with a small base and limited front-end presence in the UK
- Widen and deepen footprint across major markets in the European continent
- Accelerate product launches across new territories and enhance productivity in Africa

- Develop a steady product pipeline to be at the forefront of new regimen products in antiretroviral therapy
- Focus more on quality, safety and R&D objectives
- Upskill our people and strengthen Environment, Social and Governance (ESG) norms

With your cooperation, guidance and support, our strategy at play across key global markets will continue to be exciting, eventful and enriching for now and in the future.

Warm Regards
Arun

Managing Director & CEO's message

Strategy in Action



I am proud of the way our employees demonstrated an exemplary sense of duty in rallying together to stay true to our purpose and serve patients during this difficult time.

Ananth

Dear Friends,

It is an honour to join the Strides family and it gives me great pride to address you in my first Report. Over the last thirty years, Strides has come to be known for its vision, value creation and agility. I would like to begin by thanking the Board for giving me the opportunity to lead this dynamic enterprise.

I assumed my position as MD & CEO at Strides at a time of unforeseen and exceptional developments. The world was already in the throes of the novel coronavirus (COVID-19), the Ranitidine withdrawal request from US FDA had just come in, and it was the start of a new financial year. Therefore, my immediate priority in consultation with the Board and my Management team was to establish clarity and confidence among our own employees as well as external stakeholders on these concerns.

With regard to COVID-19, our aim was clear – employee well-being and safety came first.

We established a global COVID-19 taskforce guided by our 3P model of people, patients and purpose. Taking action to protect employees, establishing global leadership outreach to remain in constant touch with employees worldwide, and extending the emotional connect to families of employees were among our foremost steps. At the same time, pharma being an essential and life-saving service, we needed to be able to continue to manufacture and serve patients in need at this crucial time. We put in place extremely detailed business continuity work protocols. I am proud of the way our employees demonstrated an exemplary sense of duty in rallying together to stay true to our purpose and serve patients during this difficult time, while maintaining the strictest adherence to safety and hygiene protocols.

On Ranitidine, a detailed statement was released with complete chronology of events, the situation

as it stood, and our assessment of the impact. Continuing in the same vein of transparency and clarity to shareholders, regulators and other stakeholders, we followed up with another detailed picture of its impact in our Q4 results presentation. While Ranitidine was one of our top five products, our ex-Ranitidine growth in the U.S. market has been extremely healthy. We have now re-adjusted our U.S. base business and way forward strategy to ensure that we remain on track to grow well in the U.S. Our Other Regulated Markets (ORM) business too saw strong momentum in FY 2019-20. For our Emerging Markets (EM) and institutional businesses, it was a successful reset year.

As we outlined to all of you during our Q4 of FY 2019-20 results, many areas saw robust performance and we look forward to unlocking further value in the current fiscal. Overall, I was happy to note that in spite of exceptional developments, our well-executed reset strategy for FY 2019-20 remains on track to deliver sustainable growth.

With FY 2020-21 now well underway, we stay on track to meet our aspiration. In the current fiscal, our priorities are:

- Delivery of growth in key markets will be the biggest focus for us – robust growth over our reset base in the U.S., continued strong momentum in ORM, and a recharge of our institutional business and branded generics business in Emerging Markets
- While increased market share of launched products will provide a major leg of growth, our R&D engine will anchor our growth plans with a strong pipeline of new filings and new launches in the U.S., ORM and institutional business

- Maintaining a healthy balance sheet – sustaining gross margins, high operating ratios, driving efficiencies in our business working, risk mitigation – will enable our business to grow responsibly and sustainably.

As a pharma company, upholding a state of complete vigilance and control in our manufacturing sites is non-negotiable. Remediation work in our Puducherry site has been among the topmost priorities for the leadership team. We now await information from the US FDA on re-inspection. We do not take this lightly. There can be no room for complacency when it comes to quality compliance. It is with this view that we launched the Quality Fabric initiative in FY 2019-20. Quality Fabric is our internal initiative to strengthen and define our quality culture based on people, products, processes and facilities. Each employee is a custodian and stakeholder of our quality culture and this will be an ongoing project to facilitate learning and re-learning constantly on the job. I am also committed to fostering a culture of openness, collaboration, taking ownership and accountability. Our above efforts are aimed at ensuring timely delivery to patients and customers with the end-goal of achieving a high level of customer advocacy. Pharma is an extremely competitive industry and we need to identify and harness our core strengths in order to distinguish ourselves from others.

In fact, this competitive industry in India has been the world's pharmacy for a while. And now more than ever in the year 2020, Indian pharma has found itself in focus. As the world comes together to find solutions to this global pandemic, we remain ready to do our part, support and work with various stakeholders. At the

same time, we continue to track and monitor policy, regulatory and political developments to ensure we plan ahead and build resilience.

Thank you for the trust you have reposed in Strides through the years. I wish to reassure you that your Company will remain firmly committed to upholding its values of integrity, collaboration and efficiency, and creating value for all its stakeholders. I look forward to the journey ahead with the guidance of the Board and the counsel and partnership of my Management colleagues, employees, partners, customers and all our stakeholders. I wish you and your loved ones good health and well-being.

Best Wishes,
Ananth

As we outlined to all of you during our Q4 of FY 2019-20 results, many areas saw robust performance and we look forward to unlocking further value in the current fiscal. Overall, I was happy to note that in spite of exceptional developments, our well-executed reset strategy for FY 2019-20 remains on track to deliver sustainable growth.

CFO's review

Ready with resilience



We have entered the next financial year with a clearer conviction that our Reset and Resurgent strategy is in play and will continue to be our pillars of success.

Badree

Dear Friends,

A business by nature never gets to a point of perfection. With the world around us changing so rapidly, even the businesses that are stable and predictable need to constantly evolve using the incredible technology available, which was unimaginable a few decades ago.

Therefore, as a CFO, we need to challenge our function almost every day—to ask if our Company's business model is fit for purpose today and, more importantly, if it is fit for purpose for the future. What do we need to change today, without suddenly having to make a radical change tomorrow? We need to constantly adapt to the call of evolution. At Strides, over the last few years, we have swiftly transformed the function exactly in tandem with the business.

I am delighted to inform that priorities that I had set out in my last year's speech have been fulfilled. We laid a strong foundation for sustainable EBITDA performance, improved return ratios, implemented risk management systems across global facilities, drew up an IT roadmap, divested the Arrow business in time and enhanced our governance landscape.

The FY 2019-20 was par excellence from operational and strategic standpoints in terms of execution, but for the minor setback in the form of withdrawal of Ranitidine by the US FDA, an event beyond anyone's control. We laid down a strong foundation for sustainable margins in a future led by regulated markets. Profitability, Efficiency and Growth (PEG)

What do we need to change today, without suddenly having to make a radical change tomorrow? We need to constantly adapt to the call of evolution.

At Strides, over the last few years, we have swiftly transformed the function in tandem with the business.

continue to be our focus areas and we have consistently demonstrated this across all parameters. We achieved solid operating leverage wherein we expanded gross margins by almost 870 basis points, which in turn resulted in an expansion of EBITDA margins by 740 basis points in a single year. The financial leverage was achieved through steady run rates on depreciation and interest. The targeted tax rate was in line with what we communicated in the beginning of the year. We also reported strong operating cashflow, despite the US front-end growth from US\$150 Million in FY 2018-19 to US\$217 Million in FY 2019-20.

I am happy to inform that we completed all our capex programmes, spending ₹1,300 Million for the year. Following the Arrow transaction we had anticipated that our net debt in constant currency will be in the range of ₹10 Billion to ₹12 Billion. We are pleased to announce that we ended at the lower end of the range at ₹10 Billion with superior focus on cashflow generation and management. Our return ratios were far higher than the previous year due to superior operating leverage and asset sweating. In addition, we also considerably brought down the contingent liability through

reduction in guarantees to the tune of ₹13 Billion, which was given as part of preceding corporate actions.

From a qualitative standpoint, we believe Strides has transformed into a metrics driven organisation with focus on consistency. We were able to handle the compliance demands in a year characterised by many changes in legislations. The global enterprise risk management framework was implemented both in spirit and form and it was amended to suit the COVID-19 situation. We have also swiftly put in place a strong business continuity plan to deal with emergencies, which is being practised across the organisation.

Given the unprecedented pandemic scenario and the uncertainty it brings each day, our priorities for FY 2020-21 will be the following:

1. Conserve cash and rationalise cost structure across the Company
2. Continue to aggressively pursue opportunities and drive 'PEG' to higher levels
3. Strengthen governance and risk management globally
4. Turnaround certain low-margin businesses in the next twelve months

5. Consistency, linearity and better cash-to-cash (C2C) cycles
6. Build robust process-driven culture and enhance IT footprint, focusing on BA/BI.

I believe that we have put in place the right pivots to continue the growth trajectory; and our focus will be on generating free cash and improving return ratios. I thank all our stakeholders for reposing faith in us. We continue to learn from your valuable counsel, and inputs.

We have entered the next financial year with a clearer conviction that our Reset and Resurgent strategy is in play and will continue to be our pillar of success.

Warm Regards
Badree

Strategy framework

Agile moves to drive business momentum

We continue to adapt our strategy in line with changing business realities, seek more opportunities in territories and portfolios where we can strengthen our leadership and improve our margin profile.

Strategic Priorities

- Grow our prominence in the US through robust front-end presence
- Drive expansion in other regulated markets by following a portfolio maximisation approach
- Enter into new markets with a small base and limited front-end presence in the UK
- Strengthen footprint across major markets in the European continent
- Accelerate growth in Africa through new product launches, territories penetration and increased productivity
- Maintain product pipeline to be at the forefront of new regimen products in antiretroviral therapy
- Step up R&D investment, leading to filing momentum and serving global markets
- Upskill our people and strengthen Environment, Social and Governance (ESG) norms

Differentiated focus

Focus on mature products that are complex to make and requires high technology interventions.

Consistent filing and approvals

Ensure proactive filings for regulated and Emerging Markets and enjoy a consistent track record of approvals

Value Creation Approach

Robust portfolio

Enjoy strong commercial portfolio across both our regulated and Emerging Markets

Front-end teams

Strong go-to-market capability through own front-end across markets

Strong pipeline

Relentless focus on product commercialisation to gain our prominence across key markets

Growth Enablers

1
Strategy plays through blitzscale

Read more on page 20

2
Strategy plays through smarter approaches

Read more on page 24

3
Strategy plays through bright thinking

Read more on page 26

4
Strategy plays through quality commitment

Read more on page 28

Growth Enabler 1

Strategy plays through blitzscale

We continue to expand our scale across key markets to take the fastest lane to relevant opportunity, maximise our portfolio, reach out to more customers and strengthen our margins.

Acquired US FDA approved manufacturing facility in the US

Our US business has seen a significant ramp-up over the last few quarters, driven by sustained business growth in base products and new product introductions through our front-end.

Soft gel capsules (SGCs) is one of the important pivots in our growth. As we are one of the global leaders in SGC with an extensive portfolio of SGCs in the US and other regulated markets with a pipeline of over five SGC ANDAs filed/under filing for the US.

We have over 2 Billion annual capacity of SGC at our flagship site in Bengaluru. During FY 2019-20, we acquired US FDA approved manufacturing facility in Florida, USA. This site has augmented this capacity and now offers an alternate site to support our growth plans.

We plan to expand additional dosage format suites for select large-volume products at this new facility. This site will also mirror the capabilities of our formulations facility at Singapore, which helps us tap opportunities under various federal government procurement programmes, including procurements administered by the Department of Veterans Affairs (VA).

Added 18 ANDAs from Pharmaceuticals International, Inc. for the US market

We acquired 18 ANDAs from Pharmaceuticals International, Inc. (Pii) for the US market and the access to these products, will help expand Strides' niche offerings on its front-end, which has grown multi-fold. Of the 18 products successfully developed by Pii with their Pharmaceuticals Know How™, 11 are currently approved by US FDA, while the remaining seven

products are submitted and are under different stages of review with the regulatory agency. Of the 11 approved ANDAs, we are currently commercialising two with product supply from Pii, while the remaining approved ANDAs will be transferred to our global manufacturing facilities.

Foray into DACH (Austria, Germany and Switzerland) region

Our growth in other regulated markets is one of the fastest, led by a hybrid R&D strategy based on portfolio maximisation across multiple markets, leveraging our established regulated market portfolio.

Fairmed is a Switzerland-based company with a portfolio of high-quality generic products, comprising prescription and OTC drugs across several therapeutic segments. They had built a strong

franchise of supplying high-quality Rx and OTC products in key European markets.

This acquisition has augmented our footprint in continental Europe with a direct presence in the German-speaking markets of Germany, Austria and Switzerland, collectively called as the DACH region. Our vast international product portfolio and Fairmed's

market access in the DACH region is a highly complementary combination to pivot an extensive growth, going forward.

The business will incrementally have access to our already approved product portfolio for the markets Fairmed operates in with supplies from several of our EU approved facilities.

18
ANDAs acquired from Pharmaceutical International Inc. (Pii) for the US market.

US FDA
approved plant acquired in Florida, USA



Strengthening capabilities globally

Strategic investments

We re-entered into sterile injectables with an incremental ~US\$40 Million investments over 24 months for a controlling stake in Stelis Biopharma (Stelis). Stelis has a large-scale biopharma and pharma manufacturing facility at Doddaballapur, Bengaluru, which is one of the first in the industry with latest technologies.

Stelis' business growth will thrive on three strategic domains as discussed below:

Biopharmaceuticals

- Portfolio includes biosimilars produced from microbial production technology
- Portfolio has now attained a reasonable position with significant investments already made in product development

Contract manufacturing organisation (CMO) and high-end biologics research services

CDMO services

- Completed the construction of modern fully integrated state-of-the-art biopharma manufacturing facility
- Validated Drug product block, which is now ready for commercial operations, while the Drug Substance block is under installation
- Observed traction in our DPO CDMO services

Biologics services

- Equipped to offer biologics research services to focus primarily on the development and commercialisation of biosimilars, bio betters and new biological entities

Sterile injectables

- We will re-enter sterile injectables segment with envisaged incremental investments in Stelis
- Stelis is expected to be one of the manufacturing platforms for our sterile injectables
- We will develop a basket of niche products, leveraging the Group's proven experience and strong capability in the space



State-of-the-art oral dosage facility in Singapore

Our Singapore facility has an overall installed capacity of producing 1.4 Billion tablets annually. We began commercial production in the manufacturing unit during the year under review and progressively increased our monthly output to reach 82% of our installed capacity.

The site received the US FDA Establishment Inspection Report (EIR) in May 2019 and has transferred multiple new products. We continue to invest in new technologies like laser-based inspection system and continuous coating machine to improve our efficiencies.

FY 2019-20 key highlights

- Increased production capacity up to 1.4 Billion tablets annually on single shift operations, with new equipment—like continuous coater, high speed automatic inspection machine—and technology – for manufacturing hot molten liquid fill into a hard gelatin capsule
- Successfully transferred eight products of which three are approved by the US FDA; the remaining five products are expected to receive US FDA approval within the next six months
- Implemented Manufacturing Execution System (MES) in our processing facility, with integrated electronic batch record
- Installed packaging serialisation and automated materials tracking system (GEM-MT)
- Equipped the unit with laser-based, high-end inspection system for scanning tablets and capsules with 3D cameras, which can identify defects as low as 20 microns leading to a high level of automated quality controls
- Launched two products from the Singapore unit under the procurements administered by the Department of Veteran Affairs (VA) in the US, based on its eligibility as a designated country
- Initiated transfer of eight new products to be manufactured in the Singapore unit



We received two prestigious outstanding awards for 2019 from Deputy Prime Minister and the Finance Minister Mr Heng Swee Keat on behalf of Singapore Indian Chamber of Commerce and Industry (SICCI). These awards are:

- The Global Presence Award
- Foreign owned business Award



Road ahead

Going forward, our second continuous coating machine will be operational by the second half of 2020. The new piece of equipment is five times faster than the traditional machines and completely automated. Additionally, we are also planning to install high-speed inspection and compression machines to enhance our manufacturing capability and produce consistently high-quality products.

Growth Enabler 2

Strategy plays through smarter approaches

The adoption of advanced technologies streamlines and integrates processes, accelerates decision-making and improves productivity.

We initiated 'Path2Digital' programme that will simplify, integrate and automate most of our processes. It will bring together technology innovations for pharma and life sciences and the best digital solutions from across the industries. Digitisation will also be the base for industry leading data layer concept, which is being planned to harness the actual power of data.

During FY 2019-20, we undertook the following IT projects for different business functions:

Manufacturing operations

We have a manufacturing execution system (MES) for selected products in a few production facilities. This empowers the whole manufacturing operations to be GMP-compliant along with automatic capturing of data from different machines and instruments. MES produces electronic 'Batch Manufacturing Records' enabling us to quickly release the batches with 'Review by Exception'.

Our objective is to undertake wholly digital and paperless manufacturing, the phase 1 of which we have enabled through eLogbooks.

Digital enforcement and enablement will further help strengthen our quality

standards. We already have an application enabling —Continued Manufacturing Compliance (CMC)—for maintaining good manufacturing practices. Based

on the scores of each sub-area, the business intelligence dashboard is used to measure and alert manufacturing-related compliances.

Case study

eLogbooks to strengthen digitalisation in manufacturing

We are completely digitalising parts of our manufacturing facilities by implementing eLogbook. The project was piloted in our Puducherry plant during the year and helped digitise 200+ physical logbooks and another 300+ will be digitalised by next year. eLogbook ensures high compliance levels in the manufacturing process by maintaining complete audit trails of general production requirements. It also tracks the operational use of the area and equipment, including preventive maintenance, cleaning, calibration, stability schedule, service logs, production and chemical usage, along with other equipment details.

Impact

- Convenient and synchronous entry reducing errors and increasing 'Right First Time'
- Reduced supervision required for machine operators
- High standards of finished products
- Better monitoring and control of manufacturing processes

Supply chain

We are creating a robust, flexible and agile supply chain by streamlining multiple processes with serialisation. We further

implemented handheld-based material tracking system (MTS) in most of our plants and they have enabled us to achieve operational excellence.

Collaboration with the Government of India

We were invited by the NITI Aayog (Government of India) to participate in a blockchain technology initiative to track medicine supply chains. As a leading tech-oriented pharma company, we collaborated with the government body and other leading organisations in the pharmaceutical ecosystem to prepare the Proof of Concept (PoC) designed by the Niti Aayog.

Quality management

We are reducing product failures and enhancing product quality simultaneously with technology applications. Over the years, we have implemented contemporary technologies like Artificial Intelligence (AI), Machine Learning (ML), Data Analytics and Robotic Process Automation (RPA) that facilitate modern quality management techniques across our processes, offering quality assurance.

Conversion of Analytical worksheet has been an important step of digitisation. The use of these technologies enabled us to optimise people cost, reduce human error and derive unique solutions by combining record and lab artefacts.

Business analytics

We have implemented live business intelligence dashboards for site and global quality management reviews. This technology enables real-time assessments, discussions and decision-making. Our focus is on standardising key performance indicators and embracing data-driven approach for real-time decision-making in core business functions like sales and marketing, manufacturing and business finance.

Digital workforce management and engagement

We introduced an end-to-end HRMS system to manage our workforce digitally and improve our people relations and productivity. We have also

implemented a mobile app where our team members can learn, get announcements, complete surveys and give anonymous or named feedback. The mobile app has enabled us to enhance engagement and communication with our people.

Besides, we incorporated a complete digital workflow system to increase accountability and correct errors.

Road ahead

We target to achieve 100% digitalisation of all paper logbooks across all our sites and product portfolio in the next few years. Additionally, we will leverage AI, Predictive Analytics (PA) and Big Data to improve quality and reduce Out of Specification (OOS) invalidation by harvesting the tremendous data being generated out of our digitisation activities for years.

We foresee a new normal in the form of the hybrid work environment where digital coupled with technology will be the most critical factor. With the core values of ICE complementing our focus on agility and collaborations, we are confident of evolving as a much stronger company.

Technology-enabled COVID-19 response

The advent of COVID-19 had significant impact on people and businesses worldwide. At Strides, we faced three-fold challenges, including

- Keeping the lights green for all the systems globally
- Supporting manufacturing, quality and other operations globally
- Enabling 700+ office staff to work remotely with collaboration

We took the challenge head-on and proactively prepared, leading to zero disruption for any operation or service, as we enabled most of our people to work from home from the first day of the lockdown.

With effective and pragmatic IT support and collaboration, we even inducted recruits, using virtual collaboration tools. We further enabled our people with cloud-based Virtual Desktop Infrastructure (VDI) for remote working.

Growth Enabler 3

Strategy plays through bright thinking

Strides is led and driven by its expertise in Research and Development (R&D), visible through its success in creating niche and differentiated products portfolio. R&D is crucial for driving our transformation from being a generics player to a niche drug developer. During the year, we finetuned the balance between generic and specialised drug development.

Strides R&D is imbued with continuous learning and innovation and is actively engaged in the development of a wide range of dosage forms. We give special emphasis on potent compound development, novel drug delivery systems for solid orals (modified release tablets and capsules), oral liquids and soft gelatin capsules for both Regulated and Emerging markets. Our product selection for development is mainly focused on niche products characterised by complex formulations across diverse therapeutic segments.

Integrated R&D with global regulatory capabilities

Dedicated R&D Centre

Global R&D centre located in Bengaluru with multi-product development capabilities and 225+ people

Paperless operations

Oracle platform based Product Lifecycle Management systems from initiation to filing

Portfolio selection

Focus on difficult-to-develop and differentiated products

Diversified formats

Oral solids, oral liquids, topicals - liquids, creams and ointments, soft gels, sachets, and modified release dosage formats

IP Development

IP owned products for regulated markets- US, Europe, Canada, UK, Australia, South Africa

Speed to market

Right first-time filings for faster approval and go to market

Global coverage

Fungibility of development dossiers across all targeted markets

During FY 2019-20, we were involved in development of all types of dosage forms, including oral formulations like tablets, soft gelatin and hard gelatin capsules, oral liquid formulations like solutions and suspensions, powders for solutions and suspensions,

among others. During the year, we received approval for seven ANDAs and filed for four more. We initiated development of 505(b)(2)¹ projects. We have spent ₹910 Million in various innovation activities in 2019-20.

¹The 505 (b)(2) pathway provides manufacturers who have certain types of drugs with an opportunity to acquire FDA approval without performing all the work that's required with an NDA. These drugs are not strictly generics but are often not entirely novel new molecular entities either.



Improving R&D infrastructure and processes

During the year, we embraced digital and IT-based processes for upgrading our R&D infrastructure, while we focused on resource-optimised deliveries. These processes enabled us to minimise the use of paper and facilitated paperless operations.

We have streamlined our project management process with more rigor on stage gate based clearances, so as to ensure regulatory requirements are met. Additionally, we strengthened the weekly management reviews, which has improved the project quality.

New product development

During FY 2019-20, we primarily focused on new formulations and portfolio maximisation, wherein we evaluated our existing product basket for extension to other geographies with minimum efforts.

Road ahead

Going forward, we are targeting 30-35 filings annually across different geographies. This will be facilitated by our lean structure and our belief in churning out more filings with less resources. In the US—our largest pharma market—

we will focus on consolidating our presence by developing limited competition products, along with improving our existing product basket through a targeted filing of 12-15 ANDAs. Additionally, we will aim to enhance our existing products in terms of profitability, source security and manufacturing robustness. We intend to enhance our filing focus across other growth markets.

Growth Enabler 4

Strategy plays through quality commitment

Continued focus on quality and compliance help us sustain competitive advantage. We have incorporated several new-age technologies and put in place advanced equipment to sharpen our quality focus.

A culture of quality and compliance

We are reinforcing quality excellence across the organisation with an agenda for people, processes, products and technology. We have achieved positive outcomes in this respect with improved product quality and by spreading awareness among our people.

During FY 2019-20, we accomplished following key outcomes:

- Increased the level of digitisation of operations in our facilities. This includes phased realisation of eBMR projects and electronic logbooks.
- Facilitated real-time data monitoring and data management for environmental conditions.

- Enhanced quality governance using real-time analytics for greater effectiveness in quality management system (QMS).

We also trained our people in advanced quality management with specific programmes that helped them identify quality issues, report and rectify them. These trainings emphasised:



- Capability building: Competence assessment conducted to evaluate staff by using structured Good Manufacturing Practice (GMP), role-specific Standard Operating Procedures (SOPs) and business communication skills.
- Training: Training process and e-Learning Management System (eLMS) implemented for new manufacturing sites at Chennai, India and Florida, USA.

Enhancing compliance across the organisation

We completed all Quality Management System (QMS), Enterprise Resource Planning (ERP) and other IT and digitalisation initiatives during the year to integrate with our corporate policies and systems. We have also implemented inline inspection systems on container filling lines across sites to enhance quality and patient safety.

Our newly acquired facility in Florida underwent major infrastructural changes to meet our standards.

Regulatory inspection status

| Initiatives | Outcomes |
|---|---|
| Two US FDA audits completed at Alathur successfully | Received EIR with zero 483s |
| Newly acquired soft-gel capsules facility in Florida, USA | Received EIR from US FDA |
| Three US FDA inspections completed successfully at KRSG, Bengaluru | Received EIR |
| MHRA, UK and WHO, Switzerland inspections were deferred at KRSG, Bengaluru based on EU GMP inspection from Dutch Health and Youth Care Inspectorate | Received extended GMP certificate with validity up to June 2021 |

Puducherry unit inspection and response

Series of events at Puducherry unit

| | |
|--------------------------------|---|
| January 28 to February 5, 2019 | US FDA inspection at the site |
| February 5, 2019 | Form 483 issued |
| February 26, 2019 | Response to 483s |
| May 6, 2019 | Official Action Indicated (OAI) letter received |
| July 1, 2019 | Warning Letter (WL) received |
| July 23, 2019 | Response shared to WL |
| November 19, 2019 | First Corrective Action and Preventive Action (CAPA) update to WL |

Post WL response roadmap

- We engaged with a third-party independent external consultant to assist in a comprehensive remediation programme. The consultant has earlier worked at the FDA as an investigator and compliance officer for ~27 years and has been in private practice for eight years
- We also completed the risk assessment on all distributed drug products in the US market within shelf life and concluded that all drugs met all quality and safety standards
- After the Puducherry unit audit, significant changes were made to the quality and compliance framework of Strides. We reorganised our quality unit leadership to set up a dedicated team for Puducherry remediation led by Mr. Umesh Kale,

Head of Quality Management Systems, who reported directly to the CEO's Office

- Subsequently, we invested significant time and resources to facilitate targeted training for upskilling individuals and teams. Several training sessions led by external and internal instructors have already been conducted for employees at various sites of Strides
- Our Puducherry site **continues to supply products to the US under enhanced compliance procedures and oversight**
- We **completed and submitted** all Corrective and Preventive Action (CAPA) plans, verified by **external remediation consultant**. On the submission of CAPAs, we **requested the FDA to re-inspect our Puducherry site**. The inspection is **delayed due to COVID-19**

Social initiatives

Community endeavours

Our social responsibility initiatives help serve the community, ensuring sustainability every step of the way. Our citizenship efforts help improve health and hygiene, education and employability within the communities near us.



School health camp

Health and hygiene

We provide healthcare services and potable water in rural areas near Bengaluru. We have two programmes that support our health and hygiene objectives.

Arogyadhama

Arogyadhama is a state-of-the-art specialty health centre that provides healthcare facilities to the people of Suragajakkanahalli Panchayat and its neighbouring villages. It provides high-quality preventive, promotive and curative services in partnership with Karuna Trust. The Centre offers free consultations and highly subsidised medicines and diagnostic services.

The healthcare centre is equipped with advanced equipment, such as X-ray and scanning machines, laboratories and a minor operation theatre. It offers out-patient facilities and specialist amenities like Ophthalmology, Gynaecology,

Paediatrics, Dental Treatments, Pharmacy and day care. During the year, it treated 9,100 patients.

Arogyadhama spreads awareness on different facets of health and hygiene like importance of clean environment, symptoms of different diseases, such as tuberculosis, leprosy, H1N1, malaria and COVID-19. It proactively offers treatment for such diseases, persuading the community to keep the environment clean. It also undertakes widespread awareness, health camps and outreach programmes to identify diabetes and hypertension patients, providing counselling, administering regular medicines, follow-up medical checks and other related activities.

Arogyadhama has received appreciation and positive feedback from the surrounding villages, the Panchayat and government primary health centres (PHCs) and

doctors. It has been certified as one of the best PHCs in maintaining real-time health records of the people it serves.

RO water plants

We provide potable water to 9,000+ people under the administration of Suragajakkanahalli, Hennagra and Neralur Panchayats in Anekal Taluk, Bengaluru. The Strides Foundation has built nine self-sustainable RO water units, with 2,000 litres per hour capacity each to increase accessibility to safe drinking water in these communities. We have commissioned new RO water unit at Honnakalapuram during the year.

People treated at Arogyadhama during FY 2019-20

9,100

Education

We continued to pursue our LeAPS and infrastructure improvement programmes for government schools during the year.

Leadership Adoption Program for Schools (LeAPS)

The LeAPS programme is designed to transform young students of government schools into responsible citizens. It is delivered by professional trainers from People Pro Trainers for Social Impact. LeAPS is a year-long integrated programme, focusing on learning styles, listening skills and retention. LeAPS is taken up as a regular activity and during FY 2019-20, over 500 students were covered under this programme from Haragadde Government Higher Primary and High School.

Impact of LeAPS

In a survey conducted, 81% of the students stated that they feel more confident, responsible and courageous after attending the LEAPS classes and 75% have learnt to respect different views and work together as a team.

Infrastructure improvement

We completed the construction of an Anganwadi for the children of Sidihoskote Village at



Rest room block and parking space built for Anekal police station

Suragajakkanahalli Panchayat. The new building will provide the children better infrastructure and make learning fun and interesting.

Employability

We enhance employable skills of youth from underprivileged communities with vocational courses.

Our Employment Empowerment programme is conducted with the purpose of providing vocational skills to the youth of the deprived fishermen community and other less privileged villages at Puducherry. The programme is organised every year in association with Swami Vivekananda Rural Community College (SVRCC). It selects 100 youngsters and trains them in several job-oriented courses with a holistic approach to make them responsible citizens.

In the last three years, we have trained 300 people, of which 271 are employed and the remaining 29 youngsters are pursuing higher studies. Also, 90% of them have found employment in Puducherry.

Students trained till date

300



Polio drops drive



Leaps activity

Other activities

During the year, we contributed to the disaster relief programmes for Odisha and North Karnataka floods. We provided financial assistance to the respective Chief Ministers' Relief Funds.

Responding with agility

During the outbreak of the COVID-19 pandemic and the subsequent nationwide lockdown, we undertook the following initiatives:

- Raised awareness on health and hygiene in COVID-19 times with Arogyadhama (our Specialty Health Centre)
- Conducted COVID-19 surveys in partnership with the Government PHC Haragadde across the Gowrenahalli, Siddanapalya, Sidihoskote villages of Suragajakkanahalli Panchayat.
- Emphasised the need for social distancing, hygiene, importance of wearing masks among others to villagers of Honnakalapuram and Gowrenahalli,
- Provided 1 lakh meals to the disenfranchised with support from the Atria Foundation
- Provided 10 ventilators to BMC & Victoria Hospital, Bowring and Lady Curzon Hospitals and Mahaveer Jain Foundation
- Supplied sanitisers to the isolation hospitals and government frontline COVID taskforce teams (medics/paramedics and police)
- Distributed face masks (N95/3 ply/cotton cloth reusable) and gloves, among others to government taskforce teams
- Delivered survival kits and packed food to migrants and needy in and around our manufacturing facilities

Board of Directors



Arun Kumar
Non-Executive Director and Chairman of the Board



Dr. R Ananthanarayanan
Managing Director and CEO



Badree Komandur
Executive Director and Group CFO



Dr. Kausalya Santhanam
Independent Director



Deepak Vaidya
Non-Executive Director



S. Sridhar
Independent Director



Bharat. D. Shah
Independent Director



Homi Rustam Khusrokhhan
Independent Director

Leadership Team

INDIA

Dr. R Ananthanarayanan
Managing Director and Chief Executive Officer

Badree Komandur
Executive Director – Finance and Group CFO

Ramaraju PVS
Chief Quality Officer

Umesh Kale
Chief of Quality Services

Sanjay Singh
Chief Human Resource Officer (CHRO)

Anjani Kumar
Chief Information Officer

Sormistha Ghosh
Group General Counsel and Chief Risk Officer

Vinod Nair
Senior Vice President – Institutional Business

Amol Mehta
Senior Vice President – Regulated Markets

SINGAPORE (INTERNATIONAL HEADQUARTERS)

Mohan Kumar
CEO & Managing Director, Strides Pharma Global

USA

Mohan Devineni
President – Technical, Strides Pharma Inc.

Mel Earls
Senior Director – Plant Operations

Linda Savage
Senior Director – Quality Assurance

Lawrence Peter
Associate Director – Quality Control

Kevin Knarr
Senior Vice President, Strides Pharma Inc.

UK

Sohel Islam
Head – Sales, Strides Pharma UK Ltd.

SOUTH AFRICA

Gabriel Richard Simaan
Managing Director, Trinity Pharma Proprietary Ltd

KENYA

Perviz Dhanani
Managing Director, Universal Corporation Ltd.

DACH Region

Oren Weininger
CEO, Fairmed Healthcare AG

Management Discussion and Analysis

Strategy at play

We are living through one of the most challenging times in living memory, when we need frequent course-correction and operating flexibility to make the most of opportunities in the markets in which we operate. While our stated strategy is playing out for regulated markets; the emerging markets will take a few more quarters to demonstrate improved performance. However, our focus on these markets remains strong and resilient.

With an unwavering focus on judicious resource use, we are accelerating our portfolio maximisation strategy in regulated markets.

Our performance validates our reset strategy, with a contribution of over 85% to our revenues from regulated markets with significantly improved EBITDA margins. With strategic growth engines in place, our efficient execution would result in Strides achieving significant revenue and profitability.

While we are confident of achieving our strategic outcomes, a lot will depend on how the global economic landscape, industry realities and regulatory scenario evolve and create an enabling environment for sustainable growth. Having said that, COVID-19 is a novel virus and has not shown any intent of going away anytime soon, leaving businesses globally on tenterhooks. Its footprint has expanded to more than 200 countries, bringing growth engines to a halt across sectors and regions. Although the pharma sector, being an 'essential service', remains insulated for now, predicting the pandemic impact on the industry at this stage is difficult. However, we are well positioned to navigate this uncertain environment and are looking forward to a promising performance in FY 2020-21.

Economic environment

World

The FY 2019-20 began amid a challenging business environment with economic growth slowing down across large parts of the world. The momentum in manufacturing activity, in particular, had weakened significantly to levels not seen since the global financial crisis in 2008. Growing protectionist measures by major economies of the world further compounded the crisis, taking a huge toll on business confidence, investment decisions, and global trade.

However, with increased monetary policy accommodation by central banks, the global economy was looking forward to a tentative stabilisation and gradual recovery in the latter half of the year before the sudden outbreak of COVID-19 that has brought much to a screeching halt.

Notwithstanding the outbreak, the US economy is projected to have grown by 2.3% in 2019, driven by improved consumer spending, employment generation and manufacturing activity. Disposable income, savings and investments also increased steadily. The US economy was a major growth engine among advanced nations of the world in 2019. Solid demand growth in the US partially mitigated the impact of sluggish growth in the European Union (EU) countries, except Germany. However, even the German economy stagnated in the final months of 2019 as exports declined significantly. Although the COVID-19 outbreak and subsequent lockdown adversely impacted the US economy in the early months of 2020, the International Monetary Fund (IMF) estimates that the US economy is likely to grow by 4.5% in 2021.

The British economy grew at 1.4% owing to uncertainty regarding Brexit. However, private consumption, government consumption and net trade contributed positively to growth.

Growth pattern across Africa remain uneven, the economic fundamentals are mostly improving, with a gradual shift from private consumption towards investment and exports. Interestingly, for the first time in a decade in 2019, investment accounted for over half the continent's growth, with private consumption accounting for less than one third.

The IMF estimates that the global economy will contract by 4.9% in 2020. In a baseline scenario – which assumes that the pandemic will peter out in the second half of 2020 and containment policies can be withdrawn in a graded manner – the global economy will expand by 5.4% in 2021, well above trend, reflecting the normalisation of economic activity from low levels.

Continued systematic and targeted measures will be crucial to contain the spread of the virus, stabilise economies and set the stage for eventual recovery. Encouragingly, the fiscal response in impacted countries has been swift and sizable in many advanced economies (USA, Australia, France, Germany, Italy, Japan, Spain,

the United Kingdom). Many emerging markets and developing economies (China, Indonesia, and South Africa) have also begun providing or announcing fiscal support to sectors and workers. However, fiscal measures and collaborations among nations for the

development of suitable drugs and vaccine must need to be scaled up to prevent the loss of lives and livelihoods.

Source: International Monetary Fund (IMF) - World Economic Outlook

Global growth trend (%)

| | 2019 | 2020 (P) | 2021 (P) |
|---|------|----------|----------|
| World output | 2.9 | (4.9) | 5.4 |
| Advanced economies | 1.7 | (8.0) | 4.8 |
| USA | 2.3 | (8.0) | 4.5 |
| Euro Area (Germany, France, Italy, Spain) | 1.3 | (10.2) | 6.0 |
| United Kingdom | 1.4 | (10.2) | 6.3 |
| Japan | 0.7 | (5.8) | 2.4 |
| Other advanced economies ¹ | 1.7 | (4.8) | 4.2 |
| Emerging Market and developing economies | 3.7 | (3.0) | 5.9 |
| -Emerging and developing Asia | 5.5 | (0.8) | 7.4 |
| Sub-Saharan Africa | 3.1 | (3.2) | 3.4 |

¹Excludes Canada, Japan, the UK, the US and the Euro area countries| P: Projections
Source: International Monetary Fund (IMF) - World Economic Outlook

India

India continues to be one of the most attractive economies in the world. During FY 2019-20, the country grew by 4.2%, suffering primarily from inadequate credit availability owing to challenges in the financial sector. The combined impact of muted demand in the domestic and export markets dragged down capacity utilisation of industries and dried up fresh investments.

The Government of India undertook proactive initiatives, such as reducing corporate tax rates and offering credit guarantee for financially sound Non-Banking Financial Corporations (NBFCs). The year also witnessed significant easing of monetary policy by the Reserve Bank of India (RBI) with a reduction in the repo rate to the tune of 185 basis points. Propelled by timely fiscal

and monetary policy initiatives, the economy started to show green shoots of recovery in the second half of the financial year. However, the sudden outbreak of the pandemic in the fourth quarter of the year made any significant improvement an uphill task.

The Government of India has already announced ₹20 lakh crore relief package, aimed at providing a safety net for the domains and sections that are hit the hardest by the outbreak. One silver lining is that as crude oil prices (India imports 80% of its crude requirements) are at their historic low, the country's trade deficit has declined. The inflation rate is moderate, giving the Government of India adequate room for providing additional fiscal and liquidity support to the economy.

National GDP (%)

| FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 | FY 2019-20 |
|------------|------------|------------|------------|------------|
| 8.2 | 7.1 | 6.7 | 6.1 | 4.2 |

Source: Second Advance Estimates of National Income, 2019-20, Ministry of Statistics & Programme Implementation

Industry development

Global pharmaceutical industry

The use of medicines across the world has grown significantly in the past decade, particularly in areas of high priority, such as the treatment of non-communicable diseases. The rate of increase in medicine use is currently outpacing the rate of growth of population and economic output. This trend reflects a growing number of patients with improved access to treatment options.

If we look at the entire scenario from a global perspective, the spending for pharmaceuticals registered an invoice value of US\$1.25 Trillion in 2019 and is expected to grow at 3-6% CAGR through 2024, reaching US\$1.5-1.6 Trillion. The rise in spending is partly due to increased use and partly driven by changes in the specialty and innovative product composition of new brands reaching the market. Other factors, such as pricing pressures

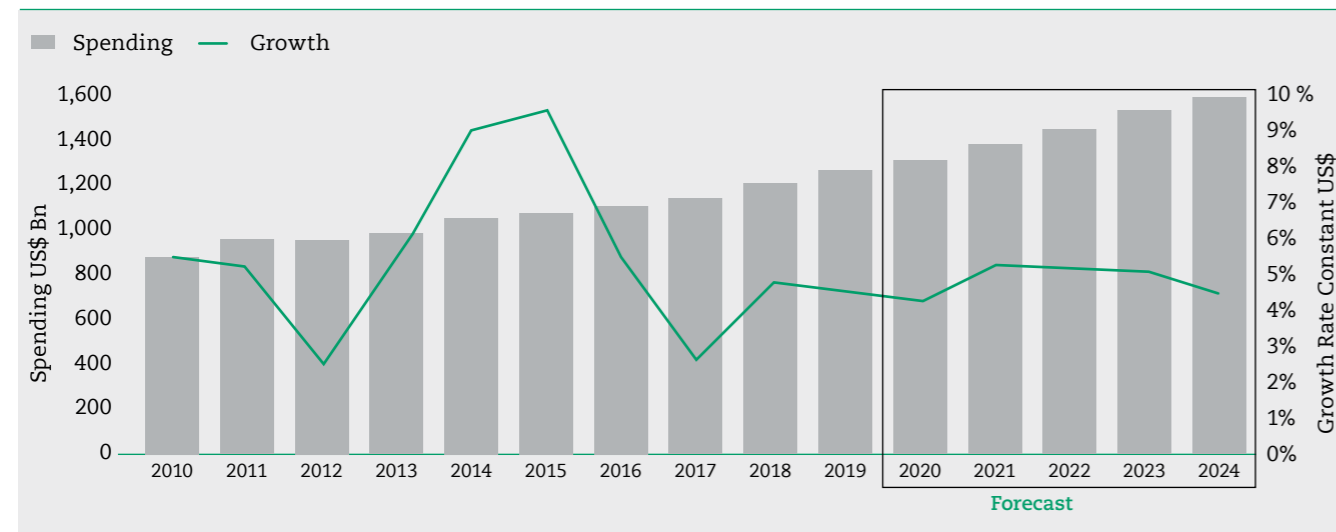
and brand losses of exclusivity offset rises in spending. Notably, spending dynamics will evolve differently in developed and pharmerging markets, especially as the latter is more volume-driven with lower brand use.

Developed markets are likely to see increased spending from US\$821.6 Billion in 2019 to US\$985-1,015 Billion in 2024, at a 2-5% CAGR. At the same time, pharmerging

markets are projected to grow from US\$357.7 Billion in 2019 to US\$475-505 Billion in 2024, at 5-8% CAGR. The top 10 countries in pharmaceutical invoice spending in 2024 will be the US, China, Japan, Germany, Brazil, Italy, France, the UK, India and Spain, with India making it to the list for the first time, ranking ahead of Canada and Spain, and Brazil outpacing France and Italy.

Source: IQVIA Market Prognosis

Global medicine spending and growth 2009-2024



Source: IQVIA Market Prognosis, September 2019; IQVIA Institute, December 2019

Global pharmaceutical spending and growth

| Regions | 2019 (US\$ Billion) | 2014-2019 CAGR (%) | 2024 (US\$ Billion) | 2019-2024 CAGR (%) |
|-------------------|---------------------|--------------------|---------------------|--------------------|
| Developed | 821.6 | 3.8% | 985-1,015 | 2-5% |
| Pharmerging | 357.7 | 7.0% | 475-505 | 5-8% |
| Rest of the world | 71 | 4.8% | 85-95 | 2-5% |
| Global | 1,250.4 | 4.7% | 1,570-1,600 | 3-6% |

Source: IQVIA Market Prognosis, September 2019; IQVIA Institute, December 2019

Global pharmaceutical spending by market and product type in 2024

| Spending | Original brands | Non-original brands | Unbranded | Other products | Total (US\$ Billion) |
|-------------------|-----------------|---------------------|-----------|----------------|----------------------|
| Global | 58% | 20% | 11% | 11% | 1,570-1,600 |
| Developed | 71% | 11% | 11% | 7% | 985-1,015 |
| Pharmerging | 28% | 38% | 12% | 21% | 475-505 |
| Rest of the world | 56% | 24% | 8% | 12% | 85-95 |

Source: IQVIA Market Prognosis, September 2019; IQVIA Institute, December 2019

Note: Developed markets are defined by IQVIA as ten countries with high incomes and with pharmaceutical spending greater than US\$10 Billion, namely the US, Japan, Germany, France, Italy, Spain, the UK, Canada, South Korea and Australia. Pharmerging markets are defined as countries with per capita income below US\$30,000 per year and five-year absolute growth in pharmaceutical spending greater than US\$1 Billion. These include Algeria, Argentina, Bangladesh, Brazil, Chile, China, Colombia, Egypt, India, Indonesia, Kazakhstan, Mexico, Nigeria, Pakistan, Philippines, Poland, Russia, Saudi Arabia, South Africa, Thailand, Turkey and Vietnam.

Specialty medicines

Specialty medicines are used for treating complex chronic conditions like cancer, rheumatoid arthritis, and multiple sclerosis. They are typically biology-based medicines (biologics – drugs derived from living cells) that structurally mimic compounds found within the body. They are high-cost oral or injectable drugs and require high-touch patient care management to control side effects and ensure compliance.

Similar to 2017 and 2018, the US Food and Drug Administration (FDA) in 2019 approved an increasing number of orphan drugs and biologics, as well as drugs targeted at specific cancers. Specialty products accounted for 36% of global spending in 2019 and are likely to touch 40% in 2024.

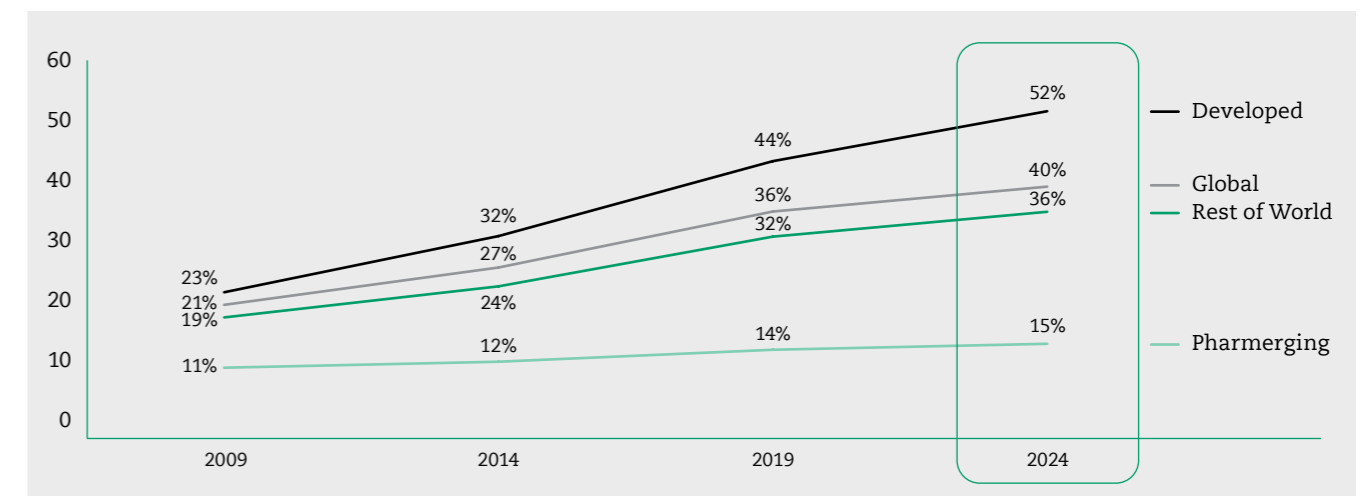
In developed markets, around 44% of spending in 2019 was on specialty products; and is expected to reach

52% in 2024; while in pharmerging markets, specialty medicines accounted for 14% of spending in 2019 and are expected to reach 15% in 2024.

Greater adoption of specialty products with higher price tags is key to their growth, particularly in oncology and autoimmune therapy areas. Of the US\$354 Billion spent by developed markets on specialty products in 2019, 30% was on oncology products. Oncology spending is expected to remain the largest contributor to specialty spending, with a projected increase of 51% through 2024, indicating faster innovation and use of new pipeline of drugs. On the other hand, autoimmune therapy spending comprised 17% of total spending in 2019, while HIV accounted for 8% of specialty products.

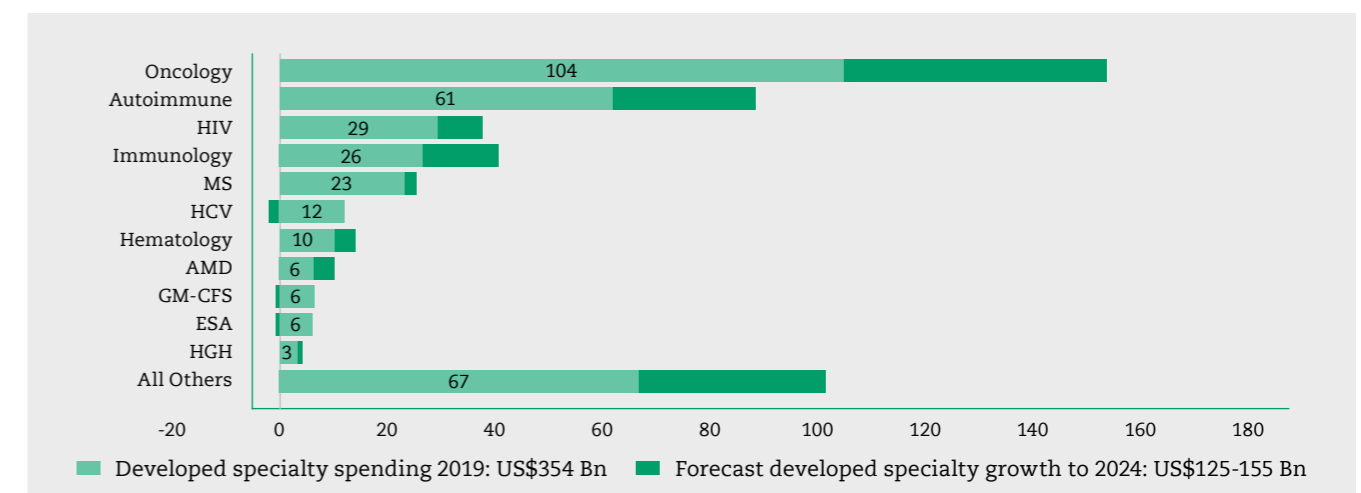
Source: IQVIA Market Prognosis

Share of specialty medicines in overall spending by region



Source: IQVIA Market Prognosis, September 2019; IQVIA Institute, December 2019

Specialty medicines spending, based on therapy in developed markets (constant US\$ Billion)



Source: IQVIA Therapy Prognosis, September 2019; IQVIA Institute, December 2019

Generics market

The US FDA continues to encourage the approval of generic medications by removing barriers to generic drug development and market entry and spurring competition so that patients can have faster access to affordable medicines. The agency has approved 1,014 generic drug applications (final and tentative) in 2019, including 110 complex generic drugs, which are harder

to develop and have traditionally lacked competition; and 107 applications for first generics of medicines, which had no generic competition. These drugs are used to treat pulmonary arterial hypertension, breast cancer, seizures, depression, and various infection. India continued to dominate the generics market, securing more than 40% of approvals, followed by the US, EU and China.

Developed markets

Pharmaceutical spending and growth in developed markets by region

| Region/Country | 2019 (US\$ Billion) | 2014-2019 CAGR (%) | 2024 (US\$ Billion) | 2019-2024 CAGR (%) |
|------------------|------------------------|-----------------------|------------------------|-----------------------|
| USA | 510.3 | 4.3% | 605-635 | 3-6% |
| Japan | 87 | (0.2)% | 88-98 | (3)-0% |
| EU5 | 173.7 | 4.0% | 210-240 | 3-6% |
| Germany | 52.1 | 4.9% | 65-75 | 4-7% |
| France | 34.9 | 1.6% | 38-42 | 0-3% |
| Italy | 33.5 | 5.1% | 41-45 | 3-6% |
| UK | 28.7 | 4.5% | 37-41 | 4-7% |
| Spain | 24.5 | 4.0% | 30-34 | 3-6% |
| Canada | 22.4 | 4.6% | 26-30 | 4-7% |
| South Korea | 16.1 | 7.3% | 21-25 | 5-8% |
| Australia | 12.1 | 3.5% | 13-17 | 3-6% |
| Developed | 821.6 | 3.8% | 985-1,015 | 2-5% |

Source: IQVIA Market Prognosis, September 2019; IQVIA Institute, December 2019

USA

The US continues to lead the world's pharmaceutical spending, accounting for about 41% of the total market. It is expected to grow from US\$510.3 Billion in 2019 to US\$605-635 Billion by 2024, at a CAGR of 3-6%. With an upcoming Presidential election in the US and the current administration's increased attention on drug pricing, the market is set to experience its fair share of volatility. Meanwhile, the US Department of Health and Human Services (HHS) and the US FDA are making concerted efforts to drive specialty product development and expedite regulatory pathways that recognise unmet clinical needs. Besides, support for the generics market will be considerably higher in the forecast period, with the patent expiry of existing drugs.

Source: IQVIA Market Prognosis

EU5

Pharmaceutical spending in the five advanced economies (France, Germany, Italy, Spain and the United Kingdom) of western Europe is projected to grow at about 3-6% CAGR from US\$173.7 Billion in 2019 to US\$210-240 Billion by 2024. Comprehensive policy measures and the launch of new drugs will drive growth and accelerate access to new medicines in the EU5 nations. However, price negotiations remain an issue for manufacturers of innovative drugs. With the uncertainty around Brexit continuing, associations representing the European and British Life Science Industry have warned about the challenges across a range of business areas.

Source: IQVIA Market Prognosis

Japan

Spending in the Japanese pharmaceutical market is likely to remain modest in the five years through 2024. The country has a heavily subsidised healthcare system in which large volumes of modern medicines are imported. Over 35% of prescription drugs in Japan are imported from the USA; and this demand is expected to increase since Japan is home to a rapidly ageing population, demanding new medicines for associated conditions. In line with steps taken by other major regulators, the Japanese government has acted to try to expedite the development and approval of novel drugs. It has introduced a scheme ('Sakigake') aimed at accelerating the time to market for novel therapies. The government is supporting higher uptake of generic drugs through periodic pricing reforms, which translates into a vast opportunity for generics and biosimilars in the market.

Source: www.thepharmaletter.com

Australia

Australia's pharmaceutical market is set to grow to US\$13-17 Billion by 2024. The modest growth will be driven by better market access to drugs, increasing awareness of the need for the early detection of lifestyle and chronic diseases, the subsidised cost of prescription medicines through the Pharmaceutical Benefits Scheme (PBS) for all eligible patients and the consistent addition of new drugs to the PBS drug list.

Pharmerging markets

Pharmaceutical spending and growth in pharmerging markets by region

| Region/Country | 2019 (US\$ Billion) | 2014-2019 CAGR (%) | 2024 (US\$ billion) | 2019-2024 CAGR (%) |
|--------------------|------------------------|-----------------------|------------------------|-----------------------|
| China | 141.6 | 6.7% | 165-195 | 5-8% |
| Tier 2 | 71.2 | 9.4% | 90-120 | 7-10% |
| Brazil | 33.6 | 9.9% | 45-49 | 6-9% |
| India | 22 | 9.5% | 31-35 | 8-11% |
| Russia | 15.6 | 8.4% | 23-27 | 8-11% |
| Tier 3 | 145.1 | 6.2% | 195-225 | 5-8% |
| Pharmerging | 357.7 | 7.0% | 475-505 | 5-8% |

Source: IQVIA Market Prognosis, September 2019; IQVIA Institute, December 2019

Pharmerging markets include Algeria, Argentina, Bangladesh, Brazil, Chile, China, Colombia, Egypt, India, Indonesia, Kazakhstan, Mexico, Nigeria, Pakistan, Philippines, Poland, Russia, Saudi Arabia, South Africa, Thailand, Turkey and Vietnam.

China

The demand for pharmaceutical products will continue to remain stable in China, the world's second-largest market for pharmaceutical products. This demand is expected to grow from US\$141.6 Billion in 2019 to US\$165-195 at a robust 5-8% CAGR. Reforms to the drug approval process have shortened registration time, enabling new drugs to reach the market faster and promoting a rise in the number of innovative new drug applications. Systematic steps are being taken to enable fast-track approvals of differentiated high-quality generic drugs. The access to reimbursement is also picking up pace through consistent updates to the National Reimbursement Drug List. More high-cost innovative new drugs are also being selected for listing, subject to successful price negotiations. Originators are expected to make significant concessions on the price of innovative new drugs in return for a listing.

Source: IQVIA Market Prognosis

Africa

Africa's pharma market is complex and demonstrates an industry-leading growth pattern. It is driven by increasing urbanisation and the rapid expansion of primary healthcare, offering significant opportunities for pharmaceutical companies. Africa remains one of the most underpenetrated pharmaceutical markets in the world and is poised for growth in the coming years. Five of the 12 fastest-growing economies in the world are in Africa. Rising industrialisation and urbanisation are leading to a rise in the per capita income.

Twenty-six of Africa's 54 countries have achieved middle-income status. Increased penetration of health insurance is also taking place in many high-growth countries, such as Kenya. In June 2019, 52 of the 54 countries, with a total population of 1.2 Billion, ratified the formation of a continent-wide Free Trade Bloc known as African Continental Free Trade Area along the lines of The European Union. These changes bode well for the African pharma market, valued at US\$24 Billion in 2019 and expected to grow to US\$45 Billion and US\$65 Billion by 2030.

Source: www.expresspharma.in

Long-term optimism

The sector's market drivers comprise the following:

- Macroeconomics**
 Rising prosperity and improving the standard of living comprise a key driver of pharmaceutical sales growth in the world. That said, the ramifications of the pandemic will play themselves out in the short term, and coordinated efforts will pave the road to recovery.
- Demographics**
 Virtually every country in the world is experiencing growth in the size and the proportion of older persons in their population. There were 703 Million people aged 65 years or over in the world in 2019. The ageing population is projected to double to 1.5 Billion in 2050, with one in six people aged 65 years or over. The improved life expectancy, coupled with the demographic trends, will propel demand in most pharmaceutical markets.
- Innovation**
 In 2019, the US FDA's Centre for Drug Evaluation and Research approved as many as 48 novel drugs, either as new molecular entities (NMEs) under the New Drug Applications (NDAs) or as new therapeutic biologics under Biologics License Applications (BLAs). Twenty-one of these 48 novel drug approvals (44%) were approved to treat rare or orphan diseases. This trend is likely to continue and fuel the development of more new and innovative products and emerging pipeline products. Specialty, orphan, biologic and oncology products will account for an increasing proportion of these drugs.
- Access**
 To address the growth in demand associated with an increasingly elderly population and the rapid rise of non-communicable diseases, governments will emphasise the control and prevention of non-communicable diseases and the expansion of national health insurance schemes to underserved groups, driving pharmaceutical spending.

Source: IQVIA Market Prognosis

Strides Pharma Science Limited – in a snapshot

Founded in 1990, Strides Pharma Science Limited (Strides) is a global pharmaceutical company headquartered in Bengaluru, India.

We operate in regulated markets of the US, Europe, Canada, Australia, South Africa, Emerging Markets of Africa and service donor-funded markets through our institutional business. Our products are sold in over 100 countries.

Our core competence is in developing and manufacturing a wide range of niche and technically complex pharmaceutical products. We produce a range of dosage forms, including orals, liquids, creams and ointments, soft gels, sachets, tablets, and modified release dosage formats. We rank among the leading soft gelatin capsule manufacturers globally.

Our production units are highly compliant and approved by various regulatory agencies like the U.S. Food and Drug Administration (US FDA), the Medicines and Healthcare Products Regulatory Agency (MHRA), the Therapeutic Goods Administration (TGA), World Health Organisation (WHO) and the Pharmaceuticals and Medical Devices Agency (PMDA).

We have eight manufacturing facilities that span four continents – Asia, Europe, North America and Africa. Of these four are in India (Bengaluru – two sites, Puducherry and Chennai) and one each in Singapore, Milan (Italy), Florida (USA) and Nairobi (Kenya).

Update on Ranitidine

Ranitidine is a prescription and OTC drug, which decreases the amount of acid created by the stomach, thereby including multiple treatments, such as prevention of stomach ulcers and intestines, treatment of gastroesophageal reflux, heartburn associated with acid ingestion and sour stomach.

We have approval for Rx and OTC Ranitidine tablets for the US market and commercialise only the Rx product in the US.

During the year, the US FDA ordered all manufacturers of Ranitidine formulations to withdraw all prescription (Rx) and over-the-counter (OTC) Ranitidine drugs from the market immediately.

Business impact

Post withdrawal of all our stocks, we have written off the inventory, and along with the withdrawal cost, we have reported them as 'exceptional loss'. Despite the set back of Ranitidine withdrawal by the US FDA, the US business outlook remains positive.

Our robust research and development (R&D) infrastructure facilitates 50+ global filings, including Abbreviated New Drug Application (ANDA) filings annually. Our quality assurance practices are supported by an IT-driven platform that allows the implementation of advanced quality standards across manufacturing locations.

Regulated markets

This business vertical includes our operations in the US and other regulated markets comprising Europe, South Africa, Canada and Australia, among others. We divested our Australia business during the year, but continue to have a significant market presence with preferred supplier contract with the country's current pharmaceutical behemoth, Arrotex Australia*.

Our revenue from the regulated markets increased 47% from ₹16,201 Million in FY 2018-19 to ₹23,784 Million in FY 2019-20. However, our adjusted# revenue from the regulated markets increased 56% from ₹16,201 Million in FY 2018-19 to ₹25,274 Million in FY 2019-20.

Adjusted performance does not include the impact of Ranitidine withdrawal

* Arrotex Pharmaceuticals is Australia's largest generic pharmaceutical and private label over-the-counter (OTC) medicines company. Arrotex Pharmaceuticals was formed following the merger of Arrow Pharmaceuticals (Arrow) and Apotex Australia (Apotex) in July 2019 and is today the largest privately owned Australian pharmaceutical Company operating in Australia.

US

Delivered higher-end growth, despite adjusted for Ranitidine

₹15,422 Million

Revenue in FY 2019-20

4x

Growth achieved in the four years

The US dominates the pharma market and trends, both in terms of consumption and development, as pricing remains a persistent topic of debate in the country. Despite structural changes in the US market, it continues to be our largest pharma market. We operate our front-end business in the US through our subsidiary, Strides Pharma Inc. that offers quality healthcare products to the market in prescriptions, private-label over-the-counter (OTC) and consumer health products. We reach a broad base of customers and patients in need of quality treatment in the US with our 'in market for market' strategy.

We have reached a critical size in the US market and operate a US\$200 Million business with 122 ANDAs filings of which 82 products are approved. Of the commercialised portfolio of 42 products, we hold leading positions in several of them.

During the year, a favourable environment led to a stable pricing scenario. The base business continues to be driven by a steady market share in the top commercialised products.

We primarily focus on a niche, low-volume, low-competition, high-technology barrier products built around modified releases, soft-gel capsules (SGCs), topicals and liquids. Our high-volume products are integrated with APIs driving cost leadership to achieve significant market share. We are building a sustainable pipeline through several new product launches annually.

During the year, we acquired the US FDA approved soft gel production unit in Florida. We intend to expand additional dosage format suites at the site for select large-volume products and expect the site to help tap opportunities under various federal government procurement programmes for us.

We have achieved 4x growth in four years, a considerable scale by any measure. We invested over US\$100 Million during the period between 2015 and 2019 to build a meticulously prepared portfolio of high-competition products.

US business strategy

| Segment | Existing business | Specialty | Private Label and CHC | Sterile Injectables | Follow on biologics |
|----------|--|---|---|---|---|
| Strategy | <ul style="list-style-type: none"> New launches to drive growth in the base business with continued ramp-up in front-end while partnered business will downsize by design The VA opportunity from Singapore (Already commenced) and WPB, Florida (next year) will add a new lever to the growth trajectory | <ul style="list-style-type: none"> Focus on creating a specialty generics strategy led by in-licensed opportunities Strategic partnerships with two R&D organisations with a keen focus on developing specialty generics to solve unmet patient needs | <ul style="list-style-type: none"> Focused on building an 'in market for market' private label business leveraging our portfolio of products To leverage our product development and local manufacturing capabilities in US | <ul style="list-style-type: none"> Re-entry into Steriles with lesser products, lighter infrastructure yet more valuable business Kick-start programmes with in-licensed products Positioned to utilise high quality manufacturing at Stelis | <ul style="list-style-type: none"> Niche but commercially attractive biologics, including industry-leading proprietary insulin platform Biosimilar PTH (Teriparatide) targeting Osteoporosis Additional biosimilar portfolio under development |

Highlights FY 2019-20

- Introduced six new products during the year taking the commercialised portfolio to 42 products
- New products contributed ~US\$20 Million to revenues during the year with a potential ~US\$45 Million annualised revenues
- Initiated the supply of two products under the US government's VA programme from our greenfield facility in Singapore
- Superior customer advocacy with high focus on averting 'failure to supply' or 'out of stock' situation for any of our products
- Continued focus on quality and compliance across all manufacturing facilities
- Dedicated R&D operations for the US with 50+ products filed with US FDA in last four years
- Achieved operational excellence with robust manufacturing operations, supply chain optimisation and competitiveness in technology
- Maintained a product portfolio with entry-barriers, resulting in a lucrative market opportunity

Way forward

With a pipeline of 40 products under development and filing rate of 10-15 ANDAs per year, we expect to achieve two times revenue growth in the next 24-30 months. We also plan to introduce four to five new products from already approved product basket as we build out our strategic play in the evolving business landscape and expect a significant ramp-up in supplies under the VA programme with over five additional products. We are also likely to get 10-12 new product approvals. Going forward, we will utilise our R&D capabilities to benefit from new regulations and strengthen our front-end entity to create avenues for margin and growth expansion. We are also looking to slow down our partnered business as we are focusing on adding more products to our in-house sales channel. We will also:

- Continue ramp-up of front-end business
- Propel growth in the portfolio with market share gains and pricing improvements
- Leverage product development and local manufacturing capabilities
- Ensure compliance across the board
- Develop complex or specialty generics to solve unmet patient needs

Other regulated markets

Strong performance led by the UK, European Union, South Africa and supplies to Australia

₹8,316 Million

Revenue in FY 2019-20
(47% y-o-y growth)

Our other regulated markets for Strides include all regulated markets, excluding the US and Japan. We enjoy a strong foothold in Europe, Canada, South Africa and Australia (through our partnership with Arrotex*). In this segment, mature markets are driving 80% of the revenues. Other regulated markets continued to benefit from the operating leverage and a broad pipeline of approved products with market fungibility.

During FY 2019-20, front-end driven markets like the UK, the EU and South Africa demonstrated a sustained performance, while we enjoyed benefits from product launches, increased market shares and optimisation of the portfolio across markets. Additionally, supplies to Australia under the 'preferred supplier agreement' picked momentum as we continued to add new products. We are benefiting here from the higher volume of Arrotex.

The Joint Venture (JV) with Sihuan Pharmaceutical fast tracked our entry into China, which is the world's second largest pharmaceutical market offering a US\$137 Billion market opportunity. We will licence four products to the JV and receive a licencing fee for each product in-licenced to it.

* Arrotex Pharmaceuticals is Australia's largest generic pharmaceutical and private label over-the-counter (OTC) medicines company. Arrotex Pharmaceuticals was formed following the merger of Arrow Pharmaceuticals (Arrow) and Apotex Australia (Apotex) in July 2019 and is today the largest privately owned Australian pharmaceutical company operating in Australia.

Europe

Europe's pharmaceutical market is highly diverse. This facet makes opportunities in the continent region-specific.

The UK remains our anchor market in the region, representing a US\$11 Billion generic opportunity. We operate in the island nation through our subsidiary Strides Pharma UK Limited. We serve the market with high-quality generics for the retail sector, as well as the National Health Service (NHS) through Commercial Medicines Unit (CMU) tenders. With heritage OTC brands in the UK, we are looking at expanding our presence in products with integration advantage. Our UK operations continue to serve as the launchpad for us to explore opportunities in the rest of Europe.

Re-entering sterile injectables with a commitment to invest ~US\$40 Million in Stelis

Stelis Biopharma (Stelis) was established by us in 2013 to drive a global affordable biopharma business. During the year, we committed to investing ~US\$40 Million in the business to acquire controlling stakes in it.

In the continent, our presence is strengthening in the Nordics and Western Europe. The business is mostly built on IP-led partnerships, and B2B focused strategy around niche molecules with limited competition. We are now concentrating on portfolio maximisation in our key European markets while expanding our presence in Central and Eastern Europe (CEE) and the Mediterranean countries through partnerships. During the year, we acquired 70% stake in Fairmed to bolster presence in the DACH region (Austria, Germany and Switzerland). We also have a production facility in Milan, Italy.

Australia

We were among the top 3 generics players in the country between 2015 and 2019. During FY 2019-20, we exited the Australian market and now prefer long-term supplier benefits to the country's pharmaceutical behemoth, Arrotex Australia Group that enjoys ~50% of the market share.

South Africa

The South African pharma market (valued at US\$3.4 Billion) is the largest in the pharma market in Sub-Sahara Africa with stringent regulations. This makes it not-readily accessible to all players. We entered South Africa on the back of Trinity Pharma that we acquired in December 2017. We are building a strong base with portfolio maximisation to improve our IP landscape. Additionally, we are also leveraging the distribution of products through pharmacy chains and mail order systems, participating in the local antiretroviral (ARV) and non-ARV opportunities through a steady growth in regional footprint.

Canada

The Canada pharma market represents an opportunity of US\$7 Billion, which serves as an organic growth lever for us. We are building a greenfield business in Canada across the generics, private label OTCs and the branded OTC extension from our portfolios in other markets.

We continue to focus on leveraging our portfolio developed for the US and Australia to build a low-investment, high-return opportunity in other regulated markets. This approach will help us minimise the cost of organic strategy as we capitalise on research for the US and Australia markets. We remain committed

to steadily accelerate the hybrid R&D model that is responsive to global regulatory needs, quality compliances and flexible manufacturing.

Other regulated markets strategy

| Segment | Base Business | Portfolio | Supply chain | Research & development | Supply contract |
|----------|---|---|---|--|--|
| Strategy | <ul style="list-style-type: none"> Overall strategy to move from B2B to B2C while focusing on key partnerships in select territories Strengthen presence in mature markets through portfolio expansion and capitalising on front-end presence | <ul style="list-style-type: none"> Leverage portfolio maximisation strategy through front-end presence and strategic partnership in key regulated markets Large and established base portfolio in place to drive near-term growth | <ul style="list-style-type: none"> Continued focus on quality compliance and manufacturing flexibility to support growth across markets Superior supply chain execution with ability to backward integrate products to our manufacturing platform | <ul style="list-style-type: none"> Accelerate hybrid R&D model for developing products cutting across multiple geographies Strong regulatory filing capability across key regulated markets to drive new product introductions | <ul style="list-style-type: none"> 10-year preferred supply contract with Arrotex representing 60% of generic market in Australia Multiple TGA approved sites to backward integrate products and supply to Australian market |

Highlights FY 2019-20

- Received approvals for 16 new products for Canada, Europe, Australia and South Africa
- Strong product filing in the EU resulted in building a robust partner-led business
- Added new territories and launched new products in the EU
- Acquired Fairmed to grow presence in Germany, Austria and Switzerland
- Continued market share gains through the front-end markets of the UK and South Africa
- Sustained initiatives on increasing supply chain capabilities to meet our growing demand and maximise our portfolio coverage

Way forward

- Target higher operating leverage and a broad pipeline of approved products with market fungibility
- Integrate recent acquisitions successfully to provide a strong foothold in key regulated markets to pursue a portfolio maximisation strategy
- Expect 20+ new filings and 15+ new product introductions across several markets
- Use portfolio maximisation to grow business in various markets
- Emphasise better customer alignment for a long-term partnership

Emerging markets

Our Emerging Market business includes our Africa operations, except South Africa and institutional business. The year of reset resulted in moderate performance for the segment, as we reported a marked decline in revenues of 33%. We recorded revenues of ₹3,853 Million during FY 2019-20. The businesses

have bottomed out during the year with the expected payout of our strategy leading to anticipated progress. The segment already picked up sequentially in the last quarter of FY 2019-20, with improved gross margins, as we selectively executed orders meeting our margin thresholds.

Africa

Focused on channel hygiene in our branded generics business with a redesigned portfolio and market selection

₹1,482 Million

Revenue in FY 2019-20
[(29%) y-o-y growth]

We began our journey of being a global player by exporting our products to Africa in the early 1990s. Since then, the African pharma market has an exceptional place in our business strategy, offering us immense prospects.

We follow an 'In Africa For Africa' strategy, capitalising on the market opportunities that are bolstered by strong macro tailwinds and significant unmet requirements. With 'in market' manufacturing in Kenya we are maximising our local development. We are focused on growing as a pan-African brand. We are gaining ground as the normalisation exercise to align primary and secondary sales attains the outcome.

Our focus remains on manufacturing consolidation under the WHO-approved facility in Nairobi, Kenya and dedicated Emerging Market plant in India. We also enjoy significant sales footprint in 40+ African countries, along with a robust medical field force that facilitates our reach to a large pool of doctors. We

benefit from substantial brand equity with doctors and the community at the local level.

Our objective is to attain a leadership position in key African markets with a focus on building a robust branded generics portfolio for the treatment of chronic therapies, including women's health, Central Nervous System (CNS), cardiovascular, Diabetes, dermatology and probiotics.

In Africa, we have an extensive portfolio with established brands, such as Renerve, Unibrol, Combiart, Duotab and Vitafer and a strong product registration pipeline. Additionally, we are content to contribute towards improving the quality of life in the evolving African economies by providing therapeutically effective, high-quality medication.

Highlights FY 2019-20

- Accomplished channel hygiene in Brands Africa and we now continue to focus on building our people productivity and launch new offerings
- Drove growth around new product launches, new territories and increased productivity to achieve 3x revenues in the next two years
- Completed WHO inspection for our Kenya facility and in the process of site transfer of products for Africa from India

Way forward

- Introduce new products, including line extensions for existing products
- Expand penetration into high-growth markets
- Implement tools for better monitoring of field force activities
- Improve targeting of key opinion leaders and specialists brand loyalist

Institutional business

New launches planned for FY 2020-21 may add traction

₹2,372 Million

Revenue in FY 2019-20
[(35%) y-o-y growth]

At Strides, our objective is to offer the best treatment at an affordable cost to patients globally. We develop and manufacture drugs in the ARV, anti-malarial, anti-tuberculosis, Hepatitis and other infectious disease drug segments for our institutional business. The business remains strategically important and delivers profits, despite shrinking in the previous financial years.

We cater to institutionally funded aid projects and global procurement agencies through this business division. We are among the leading Indian suppliers of medicines in these segments. We are an approved supplier to institutionally funded aid projects and Global Procurement Agencies like USAID, Global Fund, PEPFAR (The US President's Emergency Plan for AIDS Relief),

UNICEF, WHO, Pan American Health Organisation (PAHO), United Nations Development Program (UNDP), Population Services International (PSI), Chemeonics, PFSCM, among others. Our products are supplied to disease-prone regions in Africa, Asia and Latin America and reaches over 100 countries.

Our world-class facilities in Bengaluru—with approvals from multiple regulators—and WHO-approved Kenyan unit manufacture our institutional range of products. The Kenya division also caters to global donor agencies and local government tenders in Africa.

We continue to strengthen our R&D initiatives to develop next-generation products. We are also collaborating with agencies like UNITAID, Medicines Malaria Venture (MMV) and licencing agreements with Medicines Patent Pool (MPP), Gilead Life Sciences and Vive, among others.

Highlights FY 2019-20

- Delivered profits, despite a shrinking business
- Continued site transfer of products to Kenya to execute on 'in Africa for Africa' strategy for the donor programmes
- Filed first key product for approval, upon which the institutional business will accelerate

Way forward

- Focus on profitable expansion of business with cost-effective products
- Introduce next-generation combination drugs that will attract future funding and steer future growth
- Develop a steady portfolio to be at the forefront of new regimen products in the ARV

Financial progress

Consolidated financial performance

| Particulars | ₹ in Million | |
|--------------|--------------|------------|
| | FY 2019-20 | FY 2018-19 |
| Revenue | 27,637 | 21,936 |
| EBITDA | 5,276 | 2,575 |
| Adjusted PAT | 2,341 | 1,133 |

Key ratios

| Particulars | ₹ in Million | |
|--------------------------|--------------|-------------|
| | FY 2019-20 | FY 2018-19* |
| Debtors Turnover | 2.95 | 3.22 |
| Inventory Turnover | 1.43 | 2.06 |
| Interest Coverage | 3.10 | 2.85 |
| Current Ratio | 0.93 | 1.13 |
| Debt Equity [#] | 0.46 | 0.76 |
| EBITDA Margin (%) | 19.1% | 11.7% |
| Net Profit Margin (%) | 8.6% | 5.2% |

*EBITDA margin % and Net profit Margin % as per restated financials and other metrics as reported in FY2018-19 financials

[#] Pharma debt

Robust research and development

We are a research-driven organisation, successfully creating niche and differentiated products portfolio. Our Global Formulation R&D centre is at Bengaluru and drives high-value product delivery through latest technology platforms.

We ensure continuous learning and innovation at our R&D facility and actively engage in the development of a wide range of dosage forms with special emphasis on novel drug delivery systems for solid orals (modified-release tablets and capsules) and soft gelatin capsules for both Regulated and Emerging Markets. We focus on developing niche products characterised by complex formulations across diverse therapeutic segments.

We have a robust research team of 225 scientists that offers solutions across the entire product development value chain, including strategic sourcing, IP management, and global regulatory submissions, among others. Our state-of-the-art infrastructure supports all our research activities, including complex formulations development under one roof.

Reinforcing IT infrastructure

We have invested significantly in IT-led infrastructure to ensure high levels of compliance and product quality. Over the years, we have focused on introducing automation in key departments like research, quality compliance and manufacturing to maximise efficiency and reduce the scope for human errors. We have applied IT to the following business functions:

- Material management
- Production planning and control
- Product Development Protocol
- Electronic Batch Manufacturing Record (eBMR) in Manufacturing Execution system (MES)
- Reagents and Solutions Management
- Chromatography Management System
- BMR/BPR issuance and control
- Calibration management
- Change management and control
- Asset management
- Quality management
- Personnel management

Currently, we also use contemporary technologies like Robotic Process Automation or Machine Learning to handle high volumes of transaction and routine tasks that leave room for mistakes when done manually. However, we are also pursuing new ways of applying these technologies in other business functions as well. We are confident of our ability to employ these technologies to productive use in the impending future. When introduced these technologies will:

- Aid in reducing deployment cycle
- Perform mundane and repetitive tasks, thus allowing crucial talent to devote attention to core activities
- Infuse a greater degree of efficiency into operations as it can work 24x7 and maximise ROI
- Eliminate manual errors

Quality focus

An unrelenting focus on quality and compliance helps us achieve high benchmarks in the compliance curve. This includes laboratory and manufacturing automation resulting in greater accuracy and compliance in these aspects. We are reinforcing quality excellence across the organisation with clearly defined agendas concerning people, processes, products and technology. We train our people in advanced quality management by way of specific programmes that enable the identification of quality concerns and subsequently report and rectify them.

Progressing with our people

We offer a diverse and harmonious work environment for our people. With around 3,500 people in our team globally, we drive a transparent and open culture, attracting and retaining the industry's best talent. We pursue a merit-based recruitment policy and support our people with adequate training for improving their skills.

We motivate our people and help them align their goals with organisational objectives to drive excellence. We nurture careers as we continue to invest in talent development and management across geographies, developing our leadership bench strength. We have launched the Future Leadership Programme (FLP) to focus on developing a highly committed group of individuals through a structured development programme. Our curriculum-based learning programmes assist our people in improving their efficiency.

At Strides, we believe collaboration is the foundation for our continued success and conduct transparent communication sessions to bolster camaraderie.

Our management leaders directly interact with our global staff members on relevant topics. We have also introduced an app-based tool for employee feedback and governance to encourage two-way communication across the organisation.

We are committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. Our Whistle Blower Policy provides mechanism for the Directors, employees and stakeholders of our Company to raise concerns on any violations of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports among others.

We have adopted a gender-neutral Prevention of Sexual Harassment (POSH) policy. We conduct adequate trainings, workshops and awareness programmes against sexual harassment across the organisation.

Business continuity during COVID-19

The world has been hit by the worst pandemic in recent times, and our business is no exception. We, at Strides, have carefully reviewed the situation and put in place a robust business continuity plan to minimise the impact of the pandemic.

| | |
|--|--|
| Business | Operations |
| <ul style="list-style-type: none"> Tracking opportunities from supply disruptions across the US and other regulated markets and accordingly trying to fulfil them Ensuring availability of stocks in the market for additional demands Fast-tracking the VA programme from Singapore and the US with quicker site transfers Facilitating a significant shift in customer connect and transparency in supply performance, increased frequency through virtual or digital technology | <ul style="list-style-type: none"> Ensuring safety stocks for API and excipients enabled continued manufacturing during the lockdown Enabling quality team and consultants remotely with a continued focus on delivering robust outcomes Creating a healthy work ambience – right from transportation facility to hygienic shop floor environment and canteen facilities Increasing CMO engagement and site transfers to ensure uninterrupted supplies |
| Engagement | Finance |
| <ul style="list-style-type: none"> Formed a two-tiered COVID-19 taskforce – apex body and cross-functional team to ensure rapid and consistent two-way communication globally Executing guidelines on social distancing, limited travel, sanitisation and employee welfare and safety Ensuring continuous and transparent communication by the leadership to all employees on organisation response and operating plans | <ul style="list-style-type: none"> Maintaining compliance status Upholding stakeholder confidence/reputation Enabling e-governance review mechanism Initiating cost management programme with a focus to preserve every dollar |

Given that the COVID-19 curve is here to stay for a while, we are cautiously optimistic and are monitoring the evolving scenario for conducting impact analysis of all our businesses across key markets.

Risk Management

Risk-taking and opportunity-seeking are the obverse and reverse of the same coin. In other words, risk mapping, management and mitigation are critical for success. Being an Indian pharma company with a global footprint, we operate in a highly regulated sector. Hence, risk management has been an integral part of our organisational activities and control systems, especially concerning manufacturing and quality aspects. We are diligent in quarterly monitoring the potential risks to detect deviations from the pre-determined levels of risk tolerance at an early stage.

Therefore, we have developed an integrated Enterprise Risk Management (ERM) framework to identify, monitor and mitigate the risks prevailing in the business globally.

Our robust risk management framework enables us to measure risk intensity, devise solutions to reduce them and implement and monitor the results.

Enterprise Risk Management Programme and Approach

Last year, as part of our ERM Programme, the Board of Directors had constituted a sub-committee – Risk Management Committee (RMC). This ERM Programme covers the entire risk management universe of the Company globally, including all functions, business development teams, major global locations, especially the manufacturing sites in all jurisdictions that are essential for our business continuity.

For continuous growth of business and to protect our people, operation and reputation, we are committed to manage risk with a proactive approach

- Utilise an effective and integrated risk management system while maintaining business flexibility
- Identify and assess material risks associated with our business
- Monitor, manage and mitigate risks

We identify risks based on their level of impact, velocity and likelihood scenarios. We have identified key risks like research and development, regulatory, quality, marketing, operation, information technology, compliance and human resource and put in place their mitigation strategies. After a great start, towards the second half of FY 2019-20, we witnessed the advent of one key risk in the form of Ranitidine sale discontinuation. Even before the year could end, another risk in form of the global coronavirus pandemic emerged and will be present for some more time in future.

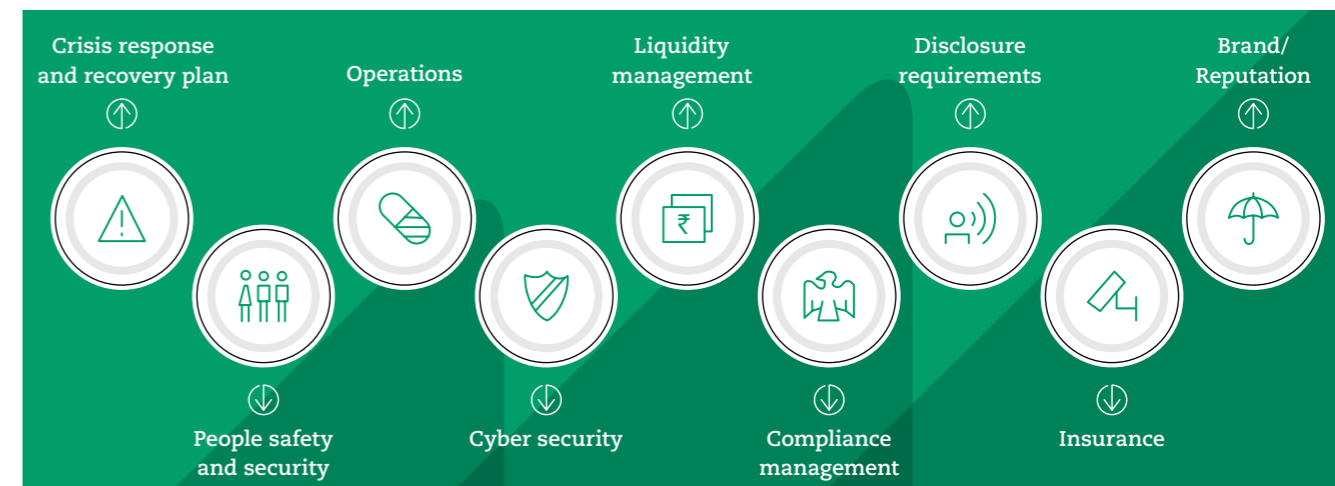
Major risks during the year

Product recalls and withdrawals are one of the known risks for a global pharma company. Similarly, the global pandemic situation is being faced by all industries, pharma less than many others. Our reaction and manner of dealing with such challenges in the short- and long-term indicate the robustness of the

Company's business strategy and risk management approach. The robustness of business strategies and risk management programme will be indicated when the organisation bounces back from all such challenges. So, despite such challenges, we remain confident of our abilities to grow the business globally and continue to maintain a positive outlook for FY 2020-21.

In the final quarter of the year under review, the coronavirus outbreak caused disruptions in the global economy across all sectors. Consequently, many business operations, logistics systems, and travel have come to a standstill during the lockdown phase. At Strides, we proactively charted a business continuity plan due to the pandemic, which intensely covers aspects, such as manufacturing, securing our supply chain, approach customers and manage the workforce in line with the evolving landscape.

COVID-19 and our emerging risk management practices



Our sector had to work harder as medicines are needed by the patients irrespective of the situation. We were covered under essential services and ensured that our people were safe, while continuing to manufacture so that patients' needs were met and no drug shortages occur. We decided to be people-oriented in these unprecedented times – employees and patients.

Keeping the utmost interest of the people in mind during the lockdown due to the pandemic, the Chairperson of the Risk Committee worked proactively in formulating its pandemic risk management strategy in close coordination with the Management and third-party consultants. Their involvement throughout this phase also helped in being assured that the response of the COVID-19 taskforce set up by the management and the employees, was geared up to meet all challenges arising out of pandemic situation.

We stay focused on conserving capital and identified measures, along with many areas for improvement. Even though uncertainty exists in the magnitude and impact of the COVID-19 outbreak, we strongly

believe that our businesses are well positioned to deal with this, and we look forward to a promising performance in FY 2020-21.

To prepare beforehand for any unwarranted situation, we also compared the identified risks with similar global and Indian pharma companies. Additionally, apart from the key risks mentioned here, we are extraordinarily receptive to the fast-changing geopolitical and regulatory environments. We will continue to seamlessly spot and update the risk registers to remain ahead of the curve.

Internal control systems and adequacy

The Company's advanced IT infrastructure ensures adequate internal controls over business processes and practices. This internal control system provides reasonable assurance about the integrity and reliability of financial statements. Moreover, the Company has an active in-system audit programme, supported by Grant Thornton, which regularly encompasses various operations consistently. Our Audit Committee reviews internal audit observations regularly.

Board's Report

Dear Members,

Your Directors have pleasure in presenting the 29th (Twenty-Ninth) Board's Report, along with the Audited Financial Statements for the financial year ended March 31, 2020.

1. Financial Summary

The financial performance of the Company on consolidated and standalone basis for the Financial Year ended March 31, 2020 as compared to previous year is summarised below:

(Figures in Million)

| Particulars | Consolidated Basis | | | | Standalone Basis | | | |
|---|--------------------|-----------|-----------|-------------|------------------|-----------|-----------|-------------|
| | 2019-20 | | 2018-19 | | 2019-20 | | 2018-19 | |
| | INR (₹) | USD (\$)* | INR (₹) | USD (\$)*** | INR (₹) | USD (\$)* | INR (₹) | USD (\$)*** |
| 1.1 Financial | | | | | | | | |
| Continuing Operations | | | | | | | | |
| Income | 28,050.84 | 372.32 | 22,192.14 | 320.74 | 17,743.13 | 235.51 | 16,520.43 | 238.77 |
| Operating Profit (EBIDTA) | 5,690.11 | 75.53 | 2,831.51 | 40.92 | 3,102.00 | 41.17 | 2,536.49 | 36.66 |
| Net Profit (PAT) | 433.57 | 5.75 | 892.54 | 12.90 | 1,116.99 | 14.83 | 1,144.10 | 16.54 |
| Other Equity | 24,378.52 | 323.58 | 25,591.55 | 369.87 | 30,856.04 | 409.56 | 31,672.49 | 457.76 |
| Non-Controlling Interest | 672.38 | 8.92 | 1,529.54 | 22.11 | - | - | - | - |
| 1.2 Profits | | | | | | | | |
| Operating Profit (EBIDTA) | 5,690.11 | 75.53 | 2,831.51 | 40.92 | 3,102.00 | 41.17 | 2,536.49 | 36.66 |
| Less: | | | | | | | | |
| Finance Cost | 1,557.20 | 20.67 | 792.87 | 11.46 | 667.13 | 8.85 | 540.92 | 7.82 |
| Depreciation & Amortisation | 1,737.02 | 23.06 | 1,173.89 | 16.97 | 916.29 | 12.16 | 830.02 | 12.00 |
| Exceptional Items | 776.80 | 10.31 | (216.17) | (3.12) | - | - | 35.24 | 0.51 |
| Profit Before Tax | 1,619.09 | 21.49 | 1,080.92 | 15.62 | 1,518.58 | 20.16 | 1,130.31 | 16.34 |
| Share of profit / (loss) of joint ventures and associates | (1,072.29) | (14.23) | (456.96) | (6.60) | - | - | - | - |
| Profit Before Tax | 546.80 | 7.26 | 623.96 | 9.02 | 1,518.58 | 20.16 | 1,130.31 | 16.34 |
| Less: Tax Expenses | 113.23 | 1.50 | (268.58) | (3.88) | 401.59 | 5.33 | (13.79) | (0.20) |
| Profit After Tax | 433.57 | 5.75 | 892.54 | 12.90 | 1,116.99 | 14.83 | 1,144.10 | 16.54 |
| Profit/ (Loss) from Discontinued Operations | (127.61) | (1.69) | 2,406.21 | 34.78 | - | - | (40.43) | (0.58) |
| Total Profit | 305.96 | 4.06 | 3,298.75 | 47.68 | 1,116.99 | 14.83 | 1,103.67 | 15.95 |
| Other Comprehensive Income | | | | | | | | |
| Items that will not be reclassified to profit/ (loss) | (138.92) | (1.84) | 3.03 | 0.04 | (17.57) | (0.23) | (4.53) | (0.07) |
| Items that may be reclassified to profit/ (loss) | 509.62 | 6.76 | (639.02) | (9.24) | (336.08) | (4.46) | 97.60 | 1.41 |
| Total Other Comprehensive Income (Net of Tax) | 370.70 | 4.92 | (635.99) | (9.19) | (353.65) | (4.69) | 93.07 | 1.35 |
| Total Comprehensive income | 676.66 | 8.98 | 2,662.76 | 38.48 | 763.34 | 10.13 | 1,196.74 | 17.30 |
| Dividend on Equity Shares | | | | | | | | |
| Final & Interim Dividend (including taxes) | (1,563.01) | (20.75) | (179.10) | (2.59) | (1,563.01) | (20.75) | (179.10) | (2.59) |

Notes:

* 1 US\$ = ₹75.34 (Exchange Rate as on March 31, 2020)

** 1 US\$ = ₹69.19 (Exchange Rate as on March 31, 2019)

Previous year figures have been regrouped/ restated wherever necessary to make them comparable with those of the current year.

2. Company's Performance

FY 2019-20 was a stellar year of performance for the Company, as it achieved significant milestones with its contrarian strategies and perspectives on the business.

The Company showcased a strong performance by executing all strategic and financial targets. This was in spite of the turbulence in operations which came on the last day of the financial year, in the form of a US FDA notification, directing all manufacturers of 'Ranitidine' to withdraw their products from the market, an event "beyond anyone's control".

During the year, we laid a strong foundation for sustainable margins in future led by regulated markets. Profitability, Efficiency and Growth (PEG) continued to be our focus area and we have consistently demonstrated this across all parameters.

In FY 2019-20, on a consolidated basis, your Company reported a revenue of ₹27,637 Million (₹29,127 Million*) as compared to ₹21,936 Million in FY 2018-19, registering a growth of 26% (33%*) on year-on-year basis. EBITDA for the year stood at ₹5,276 Million (₹6,514 Million*) as against ₹2,575 Million in the previous year, an increase of 105% (153%*) leading to a stable EBITDA margin expansion of 19.1% (22.4%*), which is a new milestone for Strides.

Regulated markets

On the business front, the regulated markets vertical comprising our businesses in the US and other regulated markets, including the UK, the EU, Canada, Australia and South Africa, witnessed an encouraging growth, while achieving a critical scale.

US business

The US business contributed ₹15,422 Million (16,912 Million*) to the total revenues pie of FY 2019-20, registering a growth of 47% (61%*) over the last year. Performance was primarily driven by niche product selections, improved market share in the base portfolios, consistent product launches and a stable price environment across several products in the Company's portfolio. Strides' growth model for the US business focuses on delivering low-volume, low-competition, high-technology barrier products built around modified releases, soft-gel capsules (SGCs), topicals and liquids. The Company integrates its high-volume products with APIs driving cost leadership to achieve significant market share.

During the year, the Company acquired the US FDA approved SGC production unit in Florida and intends to expand additional dosage format suites at the site for helping tap the opportunities under various federal government procurement programmes.

*Adjusted performance does not include the impact of Ranitidine withdrawal

Other regulated markets

The other regulated markets business continued to scale up sequentially to become the fastest growing market for the Company, registering a growth of 47% year-on-year. It contributed ₹8,361 Million to FY 2019-20 revenues, with growth attributed to increased market shares, product launches and optimisation of portfolio. During FY 2019-20, front-end driven markets like the UK, the EU and South Africa demonstrated a sustained performance.

In Europe, the pharma market is extremely diverse and provides region-specific opportunities. UK is the Company's anchor market for continental Europe and represents an opportunity worth US\$11 Billion in generics. Company is strengthening its presence in the Nordics and Western Europe with IP-led partnerships and B2B focused strategy around niche molecules with limited competition. During the year, we acquired 70% stake in Fairmed Healthcare AG, a Switzerland based generic pharma company to deepen footprint in the DACH region (Austria, Germany and Switzerland). Additionally, we are now gearing up to expand presence in Central and Eastern Europe (CEE) and the Mediterranean countries through partnerships.

Company has also scaled up its supplies to Australia. Growth momentum for this market is expected to continue in the coming years gaining from operating leverage and a large pipeline of approved products with market fungibility.

In South Africa, the Company is building a strong base with portfolio maximisation to improve its IP landscape. We are leveraging the distribution of products through pharmacy chains and mail order systems and participating in the local antiretroviral (ARV) and non-ARV opportunities through a steady growth in regional footprint.

Canada's pharma market represents an opportunity of US\$7 Billion. For Strides, it serves as an organic growth lever as the Company is building a greenfield business in the country across generics, private-label OTCs and the branded OTC extension from its portfolios in other markets.

Emerging Markets and Institutional Business

On the other end of spectrum, the Company continues to operate with a cautious and calibrated approach in the Emerging Markets and Institutional Business. Our Emerging Market business includes our Africa operations, except South Africa and institutional business.

Emerging Markets and Institutional business had its year of reset resulting in a tepid performance. Though the business has picked up sequentially in Q4 FY 2019-20, year-on-year basis, the business reported a 33% decline in revenues. Emerging Markets and Institutional Business contributed ₹3,853 Million to the total revenues of FY 2019-20.

This vertical aims to attain a leadership position in key African markets, building a robust branded generics portfolio for the treatment of chronic therapies, including Women's Health, Central Nervous System (CNS), Cardiovascular, Diabetes, Dermatology and Probiotics.

While the Company is well poised to achieve planned outcomes on the antiretroviral (ARV) and malarial business, it does see that the macro factors, including the outbreak of COVID-19 could result in a reduced focus/donor pool for ARV, Malaria and other infectious diseases.

Several antiviral drugs may be repurposed for COVID-19 in FY21, which could result in opportunities for the business. It is therefore important to monitor events in this vertical, which could compliment growth of branded generics, along with new launches in the Institutional Business.

FY 2019-20 highlights

Aligned with the growth strategy, during the year, the Company executed several corporate actions, including the acquisition of a US FDA-approved soft gel manufacturing facility in the US, acquisition of controlling stake in Fairmed Healthcare AG, a joint venture with Sihuan Pharmaceuticals for the China market and divestment of the Australia business, amongst others. During the year, the Company re-entered the sterile injectables segment with an incremental investment upto a maximum of ~US\$ 40 Million in Stelis Biopharma.

On the compliance front, the Company's manufacturing facility at Alathur successfully completed US FDA inspection with zero 483s, the second consecutive inspection with such an encouraging outcome. Puducherry remediation activity remains on track, awaiting indication from the US FDA on inspection timelines. Besides, the Company also successfully completed US FDA inspection at its newly acquired manufacturing site in Florida, USA.

On the R&D front, during FY 2019-20, the Company primarily focused on new formulations and portfolio maximisation, wherein it evaluated its existing product basket for extension to other geographies with minimum efforts.

Strides received approval for seven ANDAs and filed for four more in the US. It has 20 new product filings for other regulated markets. The Company's R&D spend during the year stood at ₹939 Million. Going forward, it is targeting 30-35 filings annually across different geographies. This will be facilitated by its linear structure and belief in churning out more filings with less resources.

Company is progressing steadily with the outcomes from the reset strategy across each of the business verticals, both in terms of course correction and execution. Company has entered the next financial

year with a clearer conviction that its Reset and Resurgent strategy is in play and will continue to be its pillars of success. In FY21, its focus areas shall broadly be on growth, strengthen profitability, cash flows and sustainability.

A detailed analysis of each of the businesses of the Company is provided in the Management Discussion and Analysis Report.

3. Corporate Updates

During the year under review, your Company has undertaken the following key corporate actions:

Joint Ventures and Acquisitions

a) Joint Venture with Sihuan Pharmaceuticals

In July 2019, Strides Pharma Global Pte. Limited (SPG), a step down subsidiary of the Company in Singapore, entered into a joint venture arrangement with Sun Moral International (HK) Limited, Hong Kong (Sun Moral) to fast track its entry into China, the second largest pharmaceuticals market in the world.

Sun Moral is a wholly owned subsidiary of Sihuan Pharmaceutical Holdings Group Ltd., one of China's leading pharmaceutical companies.

As part of transaction, Sihuan Strides (HK) Ltd, the JV Company is formed, wherein SPG holds 49% stake and the balance stake is held by Sun Moral.

SPG has licensed four products to the JV with an option to expand the portfolio subsequently.

Sihuan shall leverage its strong salesforce and distribution across mainland China to market the products.

b) Acquisition of US FDA approved soft gel manufacturing facility in the US

In August 2019, Strides Pharma Inc (SPI), a step-down subsidiary of the Company in the US, acquired a US FDA approved soft gel manufacturing facility in Florida, USA from Micelle BioPharma Inc. The facility is one of the very few manufacturing facilities in the US with a soft-gel capsule manufacturing suite for formulations with containment needs.

The facility has received Establishment Inspection Report (EIR) from the US FDA in January 2020.

SPI plans to expand additional dosage format suites for select large volume products at the Florida facility. The facility is also expected to help tap opportunities under various federal government procurement programs, including procurements administered by the Department of Veterans Affairs (VA).

c) Acquisition of 70% equity stake in Fairmed Healthcare AG, Switzerland

In September 2019, Strides Pharma Global Pte. Limited (SPG), a step-down subsidiary of the Company in Singapore acquired 70% equity stake in Fairmed Healthcare AG (Fairmed), a Switzerland based generic pharma company.

The acquisition enabled Strides to further strengthen its Other Regulated Markets Business by providing strong foothold in continental Europe with a direct presence in the DACH region (Austria, Germany and Switzerland).

Strides' vast international product portfolio and Fairmed's market access in the DACH region is a highly complementary combination to pivot an extensive growth in the coming years.

Scheme of Amalgamations

During the year, the Board initiated two Scheme of Amalgamations to facilitate consolidation of operations and to optimise group structure. Gist of the said schemes and status is as under:

a) Merger of Arrow Remedies, Fagris Medica and Strides Emerging Markets into the Company

In July 2019, Board of Directors of the Company approved the Scheme of Amalgamation for merger of its direct/ indirect wholly owned subsidiaries viz., Arrow Remedies Private Limited (Arrow), Fagris Medica Private Limited (Fagris) and Strides Emerging Markets Limited (SEML) (collectively 'Transferor Companies') into Strides Pharma Science Limited (the 'Company') pursuant to the provisions of Section 230 to 232 of the Companies Act, 2013 ('Scheme').

Appointed Date for the said amalgamation is April 1, 2019 or such other date as the National Company Law Tribunal (NCLT) or such other competent authority may direct in relation to the amalgamation of Transferor Companies into the Company.

As the Registered Office of SEML is situated in Bengaluru and Registered Office of Arrow, Fagris and the Company is situated in Mumbai, two separate applications for approval of the Scheme were filed before the Bengaluru and Mumbai Benches of the National Company Law Tribunal ('NCLT').

Pursuant to the above, Hon'ble NCLT Benches of Bengaluru and Mumbai, dispensed with the meeting of equity shareholders and unsecured creditors of the Transferor Companies. Further, in relation to the Company, the Hon'ble NCLT Mumbai Bench inter-alia directed to (i) convene the meeting of equity shareholders for seeking approval of the Scheme; and (ii) issue notice of the said meeting to the secured creditors.

The meeting of the unsecured creditors of the Company was dispensed by the Hon'ble NCLT Mumbai bench.

Accordingly, General Meeting of the Company was convened under the direction of the Hon'ble National Company Law Tribunal, Mumbai Bench on February 20, 2020, wherein the Scheme of Amalgamation was approved by Members of the Company.

The Scheme is awaiting final approval from the Hon'ble NCLT Bengaluru and Mumbai Bench.

Upon the Scheme becoming effective:

- 1) All the assets, liabilities, employees, contracts, etc of the Transferor Companies shall be transferred to the Company and the Transferor Companies shall stand dissolved, without winding up.
- 2) Since the Company is the ultimate holding company of the Transferor Companies, there shall not be any issue of shares as consideration to the shareholders of the Transferor Companies.
- 3) The investments in the share capital of the Transferor Companies, appearing in the books of account of the Company and its indirect wholly-owned subsidiary, shall stand cancelled.

The amalgamation will enable the Company to consolidate and effectively manage the Transferor Companies and the Company in a single entity, eliminate duplication of operating and administrative expenses, simplify the group structure and enable the efficient use of infrastructure facilities and optimum utilisation of the available resources.

b) Scheme of Amalgamation of Vivimed Life Sciences into the Company

In January 2020, Board of Directors of the Company approved the Scheme of Amalgamation for merger of its wholly owned subsidiary, Vivimed Life Sciences Private Limited (Vivimed) into the Company pursuant to the provisions of Section 230 to 232 of the Companies Act, 2013 (Scheme).

Appointed Date for the said amalgamation is October 1, 2020 or such other date as the National Company Law Tribunal (NCLT) or such other competent authority may direct in relation to the amalgamation of Vivimed with Strides.

The Scheme is subject to approval of the shareholders and creditors of respective companies and approval of the Hon'ble NCLT

and other statutory/ regulatory approvals, as may be required.

The Company is in the process of making necessary applications with the appropriate authorities in this matter.

Divestments

Update on the divestment of Australian business

During FY 2018-19, the Company had received Member's approval for divestment of its Australia business. The transaction was pending for completion of other closing conditions, including the merger of Arrow Pharmaceuticals, Australia and Apotex Australia and closure of 10 year preferred supply contract.

In July 2019, post receipt of requisite approval, Strides Pharma Global Pte. Limited (SPG), a step down subsidiary of the Company in Singapore, entered into definitive agreements for divestment of the Australia business.

Effective July 10, 2019, SPG has divested its entire shareholding in its subsidiaries viz., 'Strides Arcolab (Australia) Pty Ltd., Australia' and 'Generic Partners Holding Co Pty Ltd., Australia' to Arrotex Australia (Arrotex).

Aggregate consideration for the transaction was AUD 406 Million (including a deferred consideration of AUD 106 Million) reduced by bank debt settlement of AUD 22.47 Million. Proceeds net of transaction cost was used to pare down debts.

As part of the transaction, SPG has retained access to IPs of over 140+ products and has concurrently entered into a preferred supplier agreement with Arrotex.

The said transaction has enabled the Company to strengthen its balance sheet and has been EPS accretive.

Other Updates

Incremental Investment in Stelis Biopharma Private Limited (Stelis)

The Board of Directors of the Company at their meeting held in September 2019 approved an additional investment upto ~US\$40 Million into Stelis, over a period of 24 months for a controlling stake.

This investment shall enable Stelis to achieve its objective of becoming a compelling global player in the biopharmaceutical space and to accelerate Strides' re-entry into the sterile injectable business.

As at March 31, 2020, the Company holds ~47.81% stake in Stelis on a fully diluted basis.

4. Board of Directors and Key Managerial Personnel of the Company

Board of Directors and Key Managerial Personnel (KMP) of the Company as at the date of this Report

The Board of the Company comprises of Eight Directors – Two Executive Directors and Six Non-Executive Directors of whom Four are Independent Directors, details of which is provided below:

| # | Name | Designation |
|--------------------------------|-------------------------|--|
| Non-Executive Directors | | |
| 1 | Arun Kumar | Non-Executive Director & Chairperson of Board |
| 2 | Deepak Vaidya | Non-Executive Director & Chairperson of Stakeholder's Relationship Committee |
| 3 | S Sridhar | Independent Director & Chairperson of Audit Committee |
| 4 | Bharat D Shah | Independent Director & Chairperson of Nomination & Remuneration Committee |
| 5 | Homi Rustam Khusrokhani | Independent Director & Chairperson of Risk Management Committee |
| 6 | Dr. Kausalya Santhanam | Independent Director & Chairperson of CSR Committee |
| Executive Directors | | |
| 7 | Dr. R Ananthanarayanan* | Managing Director & CEO |
| 8 | Badree Komandur* | Executive Director – Finance & Group CFO |
| Company Secretary | | |
| 9 | Manjula Ramamurthy* | Company Secretary |

*KMP of the Company

Details relating to changes in the Board of Directors and KMP are provided in the Corporate Governance Report, which forms part of this Report.

Appointment, Re-appointment & Retirement by Rotation of Directors

Proposal for appointment and re-appointment of the following personnel as Director shall be placed before Members of the Company at the ensuing Annual General Meeting (AGM):

- 1) Re-appointment of Mr Arun Kumar, retiring director, as Non-Executive Director of the Company.
- 2) Appointment of Dr. Kausalya Santhanam as an Independent Director of the Company for a period of 5 years effective from December 11, 2019.
- 3) Appointment of Dr. R Ananthanarayanan as the Managing Director & CEO of the Company for a period of 5 years effective January 9, 2020.

- 4) Re-appointment of Mr. Badree Komandur as the Executive Director – Finance & Group CFO of the Company for a further period of 3 years effective May 18, 2020.

Your Directors recommend their appointment/ re-appointment on the Board of the Company.

Disclosures pertaining to Directors being appointed/ re-appointed as required under the Companies Act, 2013 and the SEBI Listing Regulations is provided in the explanatory statement to the Notice convening the 29th AGM of the Company for reference of the Members.

Meetings of the Board and Board Committees

Details of meetings of the Board and Board Committees and their respective composition are provided in the Corporate Governance Report, which forms part of this Annual Report.

5. Share Capital

As at March 31, 2020, the Authorised Share Capital of the Company stood at ₹1,767,500,000/- divided into 176,750,000 equity shares of ₹10/- each.

Issued, Subscribed and Paid-up Equity Share Capital of the Company as at March 31, 2020, stood at ₹895,654,640/- divided into 89,565,464 equity shares of ₹10/- each.

There has been an increase in the paid-up equity share capital of the Company during the financial year under review on account of allotment of 15,988 equity shares consequent to exercise of stock options by employees.

6. Dividend

Interim Dividend for FY 2019-20

The Board of Directors of the Company paid an interim dividend of ₹12/- per equity share (i.e. 120% of face value of ₹10/- each, consequent to divestment of Company's Australia Business.

Final Dividend for FY 2019-20

Based on the Company's performance, the Directors are pleased to recommend for approval of the Members, a final dividend of ₹2/- per equity share (i.e. 20%) of face value of ₹10/- each for the financial year ended March 31, 2020.

The total dividend for the financial year ended March 31, 2020 (including the proposed final dividend) amounts to ₹14/- per equity share.

Dividend payout has been determined in accordance with the Dividend Distribution Policy of the Company.

Details of book closure date and record date for the purpose final dividend is provided under the head

'General Shareholders Information' in the Corporate Governance Report.

In terms of Regulation 43(A) of the SEBI Listing Regulations, the Dividend Distribution Policy is available on the Company's website and can be accessed at <http://www.strides.com/investor-committeboard.html>

7. Transfer to Reserves

Appropriations to general reserve for the Financial Year ended March 31, 2020 as per Consolidated and Standalone Financial Statements are as follows:

| Particulars | ₹ in Million | |
|---|--------------------|------------------|
| | Consolidated Basis | Standalone Basis |
| Net Profit for the year | 363.91 | 1,116.99 |
| Other Comprehensive Income | 378.52 | (353.65) |
| Balance of Reserve at the beginning of the year | 25,591.55 | 31,672.49 |
| Adjustment on adoption of Ind AS 116 | (266.35) | (38.95) |
| Securities premium on allotment of ESOP shares | 22.17 | 22.17 |
| Acquisitions of Non-Controlling Interest | (148.27) | - |
| Dividend Payout (including taxes) | (1,563.01) | (1,563.01) |
| Balance of Reserve at the end of the year | 24,378.52 | 30,856.04 |

Note-excluding non-controlling interest

For complete details on movement in Reserves and Surplus during the Financial Year ended March 31, 2020, please refer to the Statement of Changes in Equity included in the Consolidated and Standalone Financial Statements.

8. Subsidiary, Joint Ventures and Associate Companies

Details of Subsidiaries, Joint Ventures and Associate entities as at March 31, 2020 are provided herein below:

| Nature of Relationship | India | Overseas | Total |
|------------------------|-----------|-----------|-----------|
| Subsidiaries | 05 | 36 | 41 |
| Joint Ventures | - | 01 | 01 |
| Associates | 02 | 10 | 12 |
| Total | 07 | 47 | 54 |

List of Subsidiaries, Joint Ventures and Associate entities which have become or ceased to be part of the Group forms part of Form AOC 1, enclosed as **Annexure 1** to this Report.

Accounts of Subsidiaries

In accordance with Section 129 (3) of the Companies Act, 2013, the Company has prepared a consolidated financial statement.

A statement containing salient features of the financial statements of the Company's subsidiaries, joint ventures and associate companies as required in Form AOC 1 is enclosed as **Annexure 1** to this Report.

9. Corporate Governance and Management Discussion and Analysis

As per SEBI Listing Regulations, Corporate Governance Report along with the Auditor's Certificate thereon, and the Management Discussion and Analysis Report forms part of this report.

Draft Auditors Report had qualification with respect to delay in appointment of woman independent director.

Management wishes to state that the Company had commenced efforts to fill up the vacancy immediately on its occurrence.

However, given the qualification, expertise and industry specific knowledge required for the position, the process took more time than expected. Appointment of Woman Independent Director was formalised effective December 11, 2019.

We confirm that currently Company's Board composition is in compliance with the requirements under Companies Act, 2013 and the SEBI Listing Regulations.

10. Employee Stock Option Scheme

During the year under review, Company had 2 Employee's Stock Option Plans viz., Strides Arcolab Employee's Stock Option Plan 2015 and Strides Employee's Stock Option Plan 2016.

Statement giving detailed information on stock options granted to Employees under the Company's Employee Stock Option Plans as required under Section 62 of the Companies Act, 2013 read with Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 and Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014 is enclosed as **Annexure 2** to this Report and is also available at <http://www.strides.com/investor-financial.html>

11. Particulars of Employees

The statement containing particulars in terms of Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this report and is appended herewith as **Annexure 3** to this report.

The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of

the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this Report.

Considering the first proviso to Section 136(1) of the Companies Act, 2013, the Annual Report, excluding the aforesaid information, is being sent to the Members of the Company and others entitled thereto. The said information is available for inspection at the registered office of the Company during business hours on working days of the Company up to the date of the ensuing AGM. Any Member interested in obtaining a copy thereof, may write to the Company Secretary in this regard.

12. Corporate Social Responsibility (CSR)

Strides' community interventions primarily focuses on Health & Hygiene, Education, Employability & Livelihood, which are projects in accordance with Schedule VII of the Companies Act, 2013.

CSR Policy of the Company is available on its website and can be accessed at <http://www.strides.com/investor-committeboard.html>

A detailed report on the CSR activities undertaken during the FY 2019-20 is enclosed as **Annexure 4** to this Report.

13. Loans, Guarantees or Investments

Details of Loans granted, Guarantees given and Investments made during the year under review, covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Note no. 39 to the standalone financial statements in the Annual Report.

14. Contracts or Arrangements with Related Parties

All the transactions with related parties are in the ordinary course of business and at arm's length basis. Further, there are no materially significant related party transactions made by the Company which may have potential conflict with the interests of the Company.

The information on transactions with related parties pursuant to section 134(3)(h) of the Companies Act 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is attached as **Annexure 5** to this Report.

All the transactions with related parties are disclosed in Note no. 44 to the standalone financial statements in the Annual Report.

Policy for Governance of Related Party Transactions is available on the Company's website at <http://www.strides.com/investor-committeboard.html>

15. Auditors and Audit Reports

Secretarial Audit Report

M/s. Gopalkrishnaraj H H & Associates, a firm of Company Secretaries in Practice (Certificate of Practice No: 4152) is the Secretarial Auditor for the Company.

The Secretarial Audit for the FY 2019-20, inter-alia, included audit of compliance with the Companies Act, 2013 (Act), and the Rules made under the Act, SEBI Listing Regulations and applicable Regulations prescribed by SEBI amongst others.

The Secretarial Audit Report is enclosed as **Annexure 6** to this report and has an observation regarding delay in appointment of Woman Independent Director within October 31, 2019.

Management wishes to state that the Company had commenced efforts to fill up the vacancy immediately on its occurrence. However, given the qualification, expertise and industry specific knowledge required for the position, the process took more time than expected. Appointment of Woman Independent Director was formalised effective December 11, 2019.

We confirm that currently Company's Board composition is in compliance with the requirements under Companies Act, 2013 and the SEBI Listing Regulations.

Statutory Auditors

M/s. B S R & Co. LLP, Chartered Accountants (Firm Registration no. 101248W/ W-100022) were appointed as Statutory Auditors of the Company for a period of 5 years at the 26th AGM of the Company to hold office till the conclusion of the 31st AGM of the Company.

The Auditors Report for the financial year ended March 31, 2020, is enclosed along with the financial statements in the Annual Report. The Auditors Report for the year ended March 31, 2020, does not contain any qualifications, observations or adverse remarks.

Internal Auditors

M/s. Grant Thornton India LLP are the Internal Auditors of the Company.

During the year under review, Internal Auditors were satisfied with the management response on the observations and recommendations made by them during the course of their audit.

Cost Auditors

Pursuant to Section 148(1) of the Companies Act, 2013, Company is required to maintain cost records and accordingly such accounts and records are made and maintained.

Pursuant to Section 148(3) and the Companies (Cost Records and Audit) Rules, 2014, M/s. Rao, Murthy & Associates, Cost Accountants (Firm Registration No.: 000065), were appointed as the Cost Auditors of the Company for the Financial Year 2019-20.

16. Internal Financial Controls

The Company has in place adequate framework for Internal Financial Controls as required under Section 134 (5)(e) of the Companies Act, 2013.

During the year under review, such controls were tested and no material weaknesses in their design or operations were observed.

17. Risk Management

The Company has a risk management framework for the identification and management of risks.

In line with the requirement under the SEBI Listing Regulations, the Company has constituted a Risk Management Committee (RMC) effective April 1, 2019, comprising of members of the Board and Senior Management personnel. Composition of RMC is provided in the Corporate Governance Report, which forms part of this Report.

RMC is entrusted with the responsibility of overseeing strategic, operational and financial risks that the organisation faces, along with the adequacy of mitigation plans to address such risks.

Additional details relating to Risk Management are provided in the Management Discussion and Analysis report forming part of this Report.

18. Other Disclosures

Nature of Business of the Company

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

Deposits

The Company has not accepted any deposits covered under chapter V of the Companies Act, 2013. Accordingly, no disclosure or reporting is required in respect of details relating to deposits.

Whistle Blower Policy

Pursuant to provisions of section 177(9) of the Companies Act, 2013 and SEBI Listing Regulations, the Company has a Whistle Blower Policy in place.

The said Policy provides appropriate avenues to the directors, employees and stakeholders of the Company to make protected disclosures in relations to the matters concerning the Company. The said Policy also establishes adequate mechanism to enable employees to report instances of leak or suspected leak of unpublished price sensitive information.

Audit Committee of the Company oversees implementation of the Whistle Blower Policy. During the year, Company has not received any protected disclosure.

Strides' Whistle Blower Policy is available on the Company's website and can be accessed at <http://www.strides.com/investor-committeboard.html>

Policy on Directors Appointment and Remuneration (Strides Nomination and Remuneration Policy)

The policy of the Company on Directors' appointment and remuneration, including the criteria for determining qualifications, positive attributes, independence of a director and other matters, as required under Section 178 of the Companies Act, 2013 is available on the its website and can be accessed at <http://www.strides.com/investor-committeboard.html>

Disclosure on compliance with Secretarial Standards

The Company complies with all applicable mandatory secretarial standards issued by the Institute of Company Secretaries of India.

Insurance

The assets/ properties of the Company are adequately insured against loss due to fire, riots, earthquake, terrorism, amongst others and against other perils that are considered necessary by the management.

Reporting of Fraud

No frauds were reported by the Auditors as specified under Section 143 of the Companies Act, 2013 for the Financial Year ended March 31, 2020.

Significant and material orders passed by the Regulators or Courts

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

Extract of Annual Return

Extract of Annual Return in Form MGT-9 is enclosed as **Annexure 7** to this Report and is available at <http://www.strides.com/investor-financial.html>

Conservation of Energy, R&D, Technology Absorption and Foreign Exchange Earnings/ Outgo

Details of Energy Conservation, R&D, Technology Absorption and Foreign Exchange Earnings/ Outgo are enclosed as **Annexure 8** to this Report.

Policy on prevention of Sexual Harassment at workplace

Your Company has in place a Policy on Prevention of Sexual Harassment in line with the requirements of The Sexual Harassment of Women at the work place (Prevention, Prohibition & Redressal) Act, 2013 (PoSH Act). Strides has adopted a gender-neutral policy.

In terms of the PoSH Act, your Company has also constituted Internal Complaints Committee (ICC). Adequate workshops and awareness programmes against sexual harassment are conducted across the organisation.

A disclosure relating to PoSH is provided in the Corporate Governance Report, which forms part of this Report.

19. Declaration by Independent Directors

In accordance with Section 149(7) of the Companies Act, 2013 and Regulation 25(8) of the SEBI Listing Regulations, each independent director has confirmed to the Company that he or she meets the criteria of independence as laid down in Section 149 (6) of the Companies Act, 2013 and Regulation 16(1) (b) of the SEBI Listing Regulations.

20. Board Evaluation

Evaluation of all the Directors, Committees, Chairperson of the Board, and the Board as a whole was conducted for the year. Evaluation parameters and the process have been explained in the Corporate Governance Report, which is part of this report.

21. Material changes and commitments, if any

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of the Financial Year to which this financial statement relates and the date of this report.

22. Directors' Responsibility Statement

Pursuant to the requirement under section 134 (3) (c) of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, Board of Directors of your Company state that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) directors have selected such accounting policies and applied them consistently and made judgments and estimates that are

reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

- (c) directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) directors have prepared annual accounts of the Company on a going concern basis;
- (e) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;
- (f) directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

23. Acknowledgement

Your Directors take this opportunity to thank all its stakeholders, employees, medical professionals, business partners, government & other statutory bodies, banks, financial institutions, analysts and members for their continued support and valuable cooperation.

Date: May 20, 2020
Place: Bengaluru

Dr. R Ananthanarayanan
Managing Director & CEO
DIN: 02231540

Badree Komandur
Executive Director – Finance & Group CFO
DIN: 07803242

Form AOC 1

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

(Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures)

PART A - SUBSIDIARIES

| Sl. No. of the Subsidiary | Country of incorporation | Reporting Currency | Exchange Rate | Capital (Includes Monies pending allotment) | Reserves | Total Assets | Total liabilities (other than Capital & reserves) | Investments other than in subsidiaries | Turnover | Profit before taxation | Provision for taxation | Profit after taxation | Proposed dividend | Share-holding (%) | ₹ in Million | |
|---------------------------|---|--------------------|---------------|---|----------|--------------|---|--|----------|------------------------|------------------------|-----------------------|-------------------|-------------------|--------------|-----|
| | | | | | | | | | | | | | | | (a) | (b) |
| 1 | Alliance Pharmacy Pty Ltd.* | Australia | AUD | 48.41 | - | - | - | - | - | - | - | - | - | 0.00% | - | - |
| 2 | Altima Innovations Inc. | USA | USD | 75.34 | 0.45 | (202.09) | 38.19 | 239.82 | - | - | - | - | - | 100.00% | - | - |
| 3 | Amneal Pharma Australia Pty Ltd.* | Australia | AUD | 48.41 | - | - | - | - | - | - | - | - | - | 0.00% | - | - |
| 4 | Amneal Pharmaceuticals Pty Ltd.* | Australia | AUD | 48.41 | - | - | - | - | 25.14 | (802.71) | 19.23 | (821.94) | - | 0.00% | - | - |
| 5 | Apollo Life Sciences Holdings Proprietary Limited | South Africa | ZAR | 4.18 | - | (1.62) | 2.67 | 4.30 | 2.44 | (0.53) | - | (0.53) | - | 51.76% | - | - |
| 6 | Arco Lab Private Limited | India | INR | 1.00 | 1.60 | 21.06 | 297.26 | 274.60 | 682.64 | 46.97 | 41.12 | 5.85 | - | 100.00% | - | - |
| 7 | Arrow Life Sciences (Malaysia) SDN BHD | Malaysia | MYR | 17.34 | 0.95 | (1.36) | (0.32) | 0.09 | - | (0.28) | - | (0.28) | - | 100.00% | - | - |
| 8 | Arrow Pharma Pte. Ltd. | Singapore | USD | 75.34 | 63.78 | (144.05) | (75.17) | 5.10 | - | (0.41) | - | (0.41) | - | 100.00% | - | - |
| 9 | Arrow Pharma (Private) Limited | Sri Lanka | LKR | 0.40 | 19.96 | (19.56) | 0.51 | 0.12 | - | (2.57) | - | (2.57) | - | 100.00% | - | - |
| 10 | Arrow Pharma Life Inc. | Philippines | PHP | 1.47 | 14.13 | (13.57) | 1.22 | 0.66 | - | (1.97) | - | (1.97) | - | 100.00% | - | - |
| 11 | Arrow Pharma Pty Ltd.* | Australia | AUD | 48.41 | - | - | - | - | - | - | - | - | - | 0.00% | - | - |
| 12 | Arrow Pharmaceuticals Pty Ltd.* | Australia | AUD | 48.41 | - | - | - | - | 1,791.25 | (6,529.56) | 32.00 | (6,561.56) | - | 0.00% | - | - |
| 13 | Arrow Remedies Private Limited | India | INR | 1.00 | 0.10 | (0.87) | (0.73) | 0.04 | - | (0.13) | 0.06 | (0.19) | - | 100.00% | - | - |
| 14 | Beltapharm S.p.A | Italy | EUR | 83.11 | 121.01 | 32.68 | 439.21 | 285.51 | 411.77 | (79.54) | - | (79.54) | - | 97.94% | - | - |
| 15 | Fagris Medica Private Limited | India | INR | 1.00 | 10.40 | (9.31) | 1.93 | 0.84 | - | (0.72) | 0.01 | (0.73) | - | 100.00% | - | - |
| 16 | Generic Partners (Canada) Inc** | Canada | CAD | 53.58 | 0.01 | 2.18 | 81.48 | 79.29 | 6.26 | (9.78) | (7.35) | (2.43) | - | 100.00% | - | - |
| 17 | Generic Partners (M) SDN BHD* | Malaysia | MYR | 17.34 | - | - | - | - | - | - | - | - | - | 0.00% | - | - |
| 18 | Generic Partners (NZ) Limited* | New Zealand | NZD | 44.69 | - | - | - | - | - | 4.57 | - | 4.57 | - | 0.00% | - | - |
| 19 | Generic Partners (South Africa) (Pty) Limited** | South Africa | ZAR | 4.18 | - | - | - | - | 0.02 | 0.33 | - | 0.33 | - | 0.00% | - | - |
| 20 | Generic Partners (Canada) Inc** | Canada | CAD | 53.58 | 0.01 | 2.18 | 81.48 | 79.29 | 6.26 | (9.78) | (7.35) | (2.43) | - | 100.00% | - | - |
| 21 | Generic Partners (M) SDN BHD* | Malaysia | MYR | 17.34 | - | - | - | - | - | - | - | - | - | 0.00% | - | - |
| 22 | Generic Partners (NZ) Limited* | New Zealand | NZD | 44.69 | - | - | - | - | - | 4.57 | - | 4.57 | - | 0.00% | - | - |
| 23 | Generic Partners (South Africa) (Pty) Limited** | South Africa | ZAR | 4.18 | - | - | - | - | 0.02 | 0.33 | - | 0.33 | - | 0.00% | - | - |

| Sl. No. of the Subsidiary | Country of incorporation | Reporting Currency | Exchange Rate | Capital (Includes Monies pending allotment) | Reserves | Total Assets | Total liabilities (other than Capital & reserves) | Investments other than in subsidiaries | Turnover | Profit before taxation | Provision for taxation | Profit after taxation | Proposed dividend | Share-holding (%) | ₹ in Million | |
|---------------------------|--|--------------------|---------------|---|-----------|--------------|---|--|-----------|------------------------|------------------------|-----------------------|-------------------|-------------------|--------------|-----|
| | | | | | | | | | | | | | | | (a) | (b) |
| 24 | Generic Partners UK Ltd. | UK | GBP | 93.57 | 0.01 | 41.71 | 43.17 | 1.45 | (2.26) | (23.14) | - | (23.14) | - | 100.00% | - | - |
| 25 | Pharmapar Inc. | Canada | CAD | 53.58 | 267.93 | (183.12) | 270.96 | 186.15 | 417.54 | 26.75 | 0.10 | 26.65 | - | 80.00% | - | - |
| 26 | Pharmacy Alliance Group Holdings Pty Ltd.* | Australia | AUD | 48.41 | - | - | - | - | - | 19.46 | - | 19.46 | 12.70 | 0.00% | - | - |
| 27 | Pharmacy Alliance Investments Pty Ltd.* | Australia | AUD | 48.41 | - | - | - | - | - | (720.77) | - | (720.77) | - | 0.00% | - | - |
| 28 | Pharmacy Alliance Pty Ltd.* | Australia | AUD | 48.41 | - | - | - | - | 220.10 | (282.69) | 6.10 | (288.79) | 12.70 | 0.00% | - | - |
| 29 | Shasun Pharma Solutions Inc. | USA | USD | 75.34 | 39.48 | (40.11) | - | 0.63 | 1.66 | 1.41 | - | 1.41 | - | 100.00% | - | - |
| 30 | Smarterpharm Pty Ltd.* | Australia | AUD | 48.41 | - | - | - | - | 2.31 | (35.76) | 0.66 | (36.42) | - | 0.00% | - | - |
| 31 | Stabilis Pharma Inc. | USA | USD | 75.34 | 0.06 | 0.08 | 0.33 | 0.18 | - | (0.02) | - | (0.02) | - | 100.00% | - | - |
| 32 | Stelis Biopharma (Malaysia) SDN BHD. | Malaysia | MYR | 17.34 | 230.33 | (137.32) | 93.20 | 0.19 | - | 5.61 | - | 5.61 | - | 100.00% | - | - |
| 33 | Strides Arcolab (Australia) Pty Ltd.* | Australia | AUD | 48.41 | - | - | - | - | - | (5,380.98) | - | (5,380.98) | - | 0.00% | - | - |
| 34 | Strides Arcolab International Ltd. | UK | USD | 75.34 | 5,534.15 | (119.10) | 6,754.96 | 1,339.93 | 1,309.86 | 409.40 | - | 409.40 | - | 100.00% | - | - |
| 35 | Strides CIS Limited | Cyprus | USD | 75.34 | 0.24 | 2.60 | 24.05 | 21.21 | 12.37 | (3.68) | - | (3.68) | - | 100.00% | - | - |
| 36 | Strides Emerging Markets Limited | India | INR | 1.00 | 56.27 | (220.56) | 1,138.77 | 1,303.06 | 393.04 | (153.70) | (239.44) | 85.74 | - | 100.00% | - | - |
| 37 | Strides Foundation Trust | India | INR | 1.00 | - | 26.38 | 48.09 | 21.71 | - | 0.18 | - | 0.18 | - | - | - | - |
| 38 | Strides LifeSciences Limited | Nigeria | NGN | 0.20 | 0.58 | (147.89) | 112.62 | 259.93 | (1.69) | (69.52) | - | (69.52) | - | 100.00% | - | - |
| 39 | Strides Pharma (Cyprus) Limited | Cyprus | EUR | 83.11 | 0.22 | 839.82 | 1,473.05 | 633.02 | 352.28 | (238.31) | 15.52 | (253.83) | - | 100.00% | - | - |
| 40 | Strides Pharma (SA) (Pty) Ltd. | South Africa | ZAR | 4.18 | - | 12.10 | 35.98 | 23.30 | 5.69 | (17.30) | - | (17.30) | - | 60.00% | - | - |
| 41 | Strides Netherlands B.V.** | Netherlands | EUR | 83.11 | 0.01 | (0.61) | 7.27 | 7.88 | 3.62 | (0.58) | - | (0.58) | - | 100.00% | - | - |
| 42 | Strides Nordic ApS* | Denmark | DKK | 11.02 | 0.44 | 11.87 | 73.52 | 61.21 | 55.30 | 12.14 | 0.77 | 11.37 | - | 100.00% | - | - |
| 43 | Strides Pharma Science Pty Ltd.* | Australia | AUD | 48.41 | 40.98 | (17.87) | 25.06 | 1.95 | - | (17.94) | - | (17.94) | - | 100.00% | - | - |
| 44 | Strides Pharma Global (UK) Ltd. | UK | GBP | 93.57 | 4,057.06 | (2,441.64) | 1,620.85 | 5.42 | - | 172.43 | - | 172.43 | - | 100.00% | - | - |
| 45 | Strides Pharma Asia Pte Ltd. | Singapore | USD | 75.34 | 13,209.84 | 2,112.07 | 16,003.30 | 681.39 | - | (148.19) | - | (148.19) | 258.97 | 100.00% | - | - |
| 46 | Strides Pharma Canada Inc. | Canada | CAD | 53.58 | 327.56 | (50.36) | 275.96 | (1.23) | 7.28 | (23.63) | - | (23.63) | - | 100.00% | - | - |
| 47 | Strides Pharma Global Pte Limited | Singapore | USD | 75.34 | 15,650.00 | 117.31 | 29,121.89 | 13,354.58 | 14,418.86 | (71.25) | 26.31 | (797.56) | - | 100.00% | - | - |
| 48 | Strides Pharma Inc. | USA | USD | 75.34 | 1,107.65 | 3,899.01 | 13,072.09 | 8,065.44 | 11,583.20 | 401.97 | 33.86 | 368.11 | - | 100.00% | - | - |
| 49 | Strides Pharma International Limited | Cyprus | USD | 75.34 | 33.00 | 934.73 | 1,286.30 | 318.56 | - | (59.16) | 7.26 | (66.42) | - | 100.00% | - | - |
| 50 | Strides Pharma UK Ltd. | UK | GBP | 93.57 | 1.35 | 713.20 | 1,959.18 | 1,244.62 | 1,777.08 | 327.03 | 35.01 | 292.02 | - | 100.00% | - | - |
| 51 | Strides Shasun Latina, SA de CV | Mexico | MXN | 3.15 | 26.88 | (14.85) | 18.83 | 6.81 | - | (6.83) | - | (6.83) | - | 80.00% | - | - |
| 52 | Strides Vivimed Pte Ltd. | Singapore | USD | 75.34 | 214.54 | (53.54) | 162.02 | 1.02 | 0.06 | (1.12) | - | (1.12) | - | 100.00% | - | - |
| 53 | SVADS Holdings SA | Switzerland | CHF | 78.40 | 466.59 | (97.86) | 605.38 | 236.64 | 1.84 | (47.61) | - | (47.61) | - | 100.00% | - | - |
| 54 | Trinity Pharma Proprietary Limited | South Africa | ZAR | 4.18 | 0.01 | 126.11 | 620.16 | 494.04 | 1,163.47 | 115.22 | 31.25 | 83.97 | - | 51.76% | - | - |
| 55 | Universal Corporation Limited | Kenya | KES | 0.71 | 129.88 | 679.77 | 2,371.93 | 1,562.28 | 1,142.63 | (304.19) | (71.17) | (233.02) | - | 51.00% | - | - |
| 56 | Vensun Pharmaceuticals Inc. | USA | USD | 75.34 | 4,583.11 | (5,774.52) | (18.86) | 1,172.55 | - | (69.11) | - | (69.11) | - | 100.00% | - | - |
| 57 | Vivimed Life Sciences Private Limited | India | INR | 1.00 | 282.67 | 187.32 | 1,868.90 | 1,398.90 | 1,129.85 | 48.23 | - | 48.23 | - | 100.00% | - | - |

PART B - ASSOCIATES/ JOINT VENTURE

| Sl. No. | Name of Associate / Joint Venture | Regional Bio Equivalence Centre S.C., Ethiopia | Aponia Laboratories Inc, USA | Strides Consumer Private Limited, India | Strides Global Consumer Healthcare Limited, UK | Juno OTC Inc., Canada | Fairmed Healthcare A.G., Switzerland [§] | Shivan Strides (HK), Limited [#] |
|---------|--|--|------------------------------|---|--|---------------------------------------|---|---|
| 1 | Latest audited Balance Sheet Date | March 31, 2019 | December 31, 2018 | March 31, 2019 | March 31, 2019 | March 31, 2019 | March 31, 2019 | March 31, 2019 |
| 2 | Shares of Associate/ Joint Venture held by the Company on the year end | 451,822 equity shares | 342 shares | 1,000 equity shares | 19,782,717 shares | 4 shares | 861,000 shares | - |
| | Number | | preference shares | 1,538,615 preference shares | | | | |
| | Amount of Investment in Associate/ Joint Venture | ₹2,747.50 Million | Nil | ₹7.43 Million | ₹1,223.72 Million | Nil | ₹98.16 Million | ₹131.02 Million |
| | Extent of Holding % | 47.81% | 24.98% | 53.65% | 53.64% | 60.00% | 70.00% | 49.00% |
| 3 | Description of how there is significant influence | Shareholding and board representation | Shareholding | Shareholding and board representation | Shareholding and board representation | Shareholding and board representation | Shareholding and board representation | Shareholding and board representation |
| 4 | Reason why the Associate/ Joint Venture is not consolidated | Not Applicable | Not Applicable | Not Applicable | Not Applicable | Not Applicable | Not Applicable | Not Applicable |
| 5 | Networth attributable to Shareholding as per latest audited Balance Sheet | ₹1,387.19 Million | ₹32.65 Million | ₹176.13 Million | ₹960.87 Million | Nil | ₹68.72 Million | ₹8.74 Million |
| 6 | Profit/ (Loss) for the year | (₹668.32) Million | Nil | (₹94.03) Million | (₹222.11) Million | (₹1.66) Million | (₹68.72) Million | (₹8.74) Million |
| | Considered in Consolidation | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | Not considered in Consolidation | | | | | | | |

Subsidiaries of Associates and Joint Ventures are not disclosed above

Notes

- * Ceases to be part of the group effective July 10, 2019, pursuant to the divestment of Australian Business
- ** Step down Wholly Owned Subsidiary effective July 15, 2019
- # Step down Wholly Owned Subsidiary effective July 15, 2019 and struck off effective September 6, 2019
- \$ Step down Wholly Owned Subsidiary effective July 15, 2019 and divested effective September 20, 2019
- ^ Wound up effective March 26, 2020
- ^^ Incorporated as Step down Wholly Owned Subsidiary on October 17, 2019
- @ Step down Wholly Owned Subsidiary effective December 4, 2019
- ~ Step down Wholly Owned Subsidiary effective August 8, 2019
- ## Incorporated as a Joint Venture entity effective October 22, 2019
- \$\$ Associate effective September 9, 2019

Strides Pharma Therapeutics Singapore Pte. Ltd struck off effective July 8, 2019

Dr. R. Ananthanarayanan
Managing Director & CEO
DIN: 02231540

Badree Komandur
Executive Director – Finance & Group CFO
DIN: 07803242

Manjula Ramamurthy
Company Secretary
ACS Membership no. A30515

Date: May 20, 2020
Place: Bengaluru

Annexure 2

Details of Strides Employee Stock Options pursuant to SEBI Regulation and Companies Act, 2013

During the year under review, Company had two ESOP schemes viz., Strides Arcolab ESOP 2015 and Strides ESOP Plan 2016.

With respect to the above, please find below the details of Employee Stock Options pursuant to SEBI (Share Based Employee Benefits) Regulations, 2014 and the Companies Act, 2013 as at 31 March 2020.

| | Description | Strides Arcolab ESOP 2015 | Strides ESOP Plan 2016 | | | | | | |
|-------------------------|---|--|--|--------|-------------------------|-------|-------------------------|---------------|--|
| A | Disclosure of confirmation of any material change in the scheme (s) and is in compliance with the Regulations | <p>Pursuant to de-merger of the Commodity API business of the Company to Solara Active Pharma Sciences Limited and in terms of the Composite Scheme, exercise price of outstanding stock options held by existing/ retained employees under both the Schemes as at April 24, 2018 were repriced to adjust effect of de-merger on the stock price on the said date.</p> <p>With respect to Strides ESOP Plan of Strides ESOP Plan 2016, pursuant to the approval of the Members of the Company in their AGM held on July 30, 2019 following amendments were made:</p> <ol style="list-style-type: none"> 'Exercise Period' of options extended from 60 days to 12 months from the date of vesting of the options. Employees are allowed to exercise their options in two tranches in place of the earlier requirement of one tranche. | | | | | | | |
| B | Disclosure in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time. | Please refer to Note No. 42 of the Standalone Financial Statements | | | | | | | |
| C | Diluted Earnings Per Share pursuant to issue of shares on exercise of option calculated in accordance with Indian Accounting Standard (IND AS) - 33 – Earnings Per Share | <table border="1"> <tr> <td>Continuing Operations</td> <td>₹12.47</td> </tr> <tr> <td>Discontinued Operations</td> <td>₹0.00</td> </tr> <tr> <td>Total Operations</td> <td>₹12.47</td> </tr> </table> | Continuing Operations | ₹12.47 | Discontinued Operations | ₹0.00 | Total Operations | ₹12.47 | |
| Continuing Operations | ₹12.47 | | | | | | | | |
| Discontinued Operations | ₹0.00 | | | | | | | | |
| Total Operations | ₹12.47 | | | | | | | | |
| D | Details relating to ESOP | | | | | | | | |
| 1) | Total options approved under the Scheme | 70,000 Options | 30,00,000 Options | | | | | | |
| 2) | Date of Members' approval | November 6, 2015 | April 21, 2016 | | | | | | |
| 3) | Vesting requirements | 4-year scheme <u>Vesting schedule:</u> Year 1: 25% Year 2: 25% Year 3: 25% Year 4: 25% | 3-year scheme <u>Vesting schedule:</u> Year 1: 20% Year 2: 30% Year 3: 50% | | | | | | |

| | Description | Strides Arcolab ESOP 2015 | Strides ESOP Plan 2016 |
|----|--|---|---|
| 4) | Pricing formula | <p>This ESOP Scheme was designed exclusively for erstwhile Shasun employees who were holding stock options under the Shasun ESOP Plan and became part of the Strides Group pursuant to merger of Shasun Pharmaceuticals with Strides in FY 2015-16.</p> <p>In terms of the Scheme of Amalgamation between the two companies, Exercise Price per equity share of the Company shall be equal to the quotient of the option of the Shasun Exercise Price per equity share divided by the Share Exchange Ratio (rounded up to the nearest higher whole cent). This translated to 0.3125 (5/16) New Stock Options in the Company, in relation to each option granted under the Shasun - ESOP Plan 2012.</p> <p>Accordingly, Exercise price per New Stock Option is ₹273.92 per Share of the Company</p> <p>Further, pursuant to de-merger of Commodity API business of the Company to Solara Active Pharma Sciences Limited and in terms of the Composite Scheme, exercise price of outstanding stock options held by existing/ retained employees were repriced to adjust effect of de-merger on the stock price.</p> | <p>Decided by the Compensation Committee from time to time, which shall be, not less than 75% of the market price of the shares on the date of grant of option.</p> <p>Note: Pursuant to de-merger of Commodity API business of the Company to Solara Active Pharma Sciences Limited and in terms of the Composite Scheme, exercise price of outstanding stock options held by existing/ retained employees were repriced to adjust effect of de-merger on the stock price.</p> |
| 5) | Maximum term of options granted | Four years from the date of initial grant under the scheme, subject to vesting schedule | Three years from the date of initial grant under the scheme, subject to vesting schedule |
| 6) | Source of shares (primary, secondary or combination) | Primary | Primary |
| 7) | Variation of terms of options | <p>Pursuant to de-merger of Commodity API business of the Company to Solara Active Pharma Sciences Limited and in terms of the Composite Scheme, exercise price of outstanding stock options held by existing/ retained employees under both the Schemes as at April 24, 2018 were repriced to adjust effect of de-merger on the stock price on the said date.</p> <p>With respect to Strides ESOP Plan 2016, pursuant to the approval of the Members of the Company in their AGM held on July 30, 2019 following amendments were made:</p> <ol style="list-style-type: none"> 'Exercise Period' of options extended from 60 days to 12 months from the date of vesting of the options. Employees are allowed to exercise their options in two tranches in place of the earlier period of one tranche. | |
| E | Method used to account for ESOP | Fair Value Method | |
| F | Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the option, shall be disclosed. The impact of the difference on profits and EPS of the Company shall be disclosed. | Compensation Cost has been accounted under fair value. | |

| | Description | Strides Arcolab ESOP 2015 | Strides ESOP Plan 2016 |
|--------|---|---------------------------|------------------------|
| G | Option movement during the year | | |
| (i) | Outstanding options as at April 1, 2019 | 563 Options | 4,57,500 Options |
| (ii) | Options granted during the year under review | NIL | 1,00,000 Options |
| (iii) | Options lapsed / surrendered/ settled during the year under review | 375 Options | 1,20,500 Options |
| (iv) | Options vested during the year under review | 563 Options | 1,45,500 Options |
| (v) | Options exercised during the year under review | 188 Options | 15,800 Options |
| (vi) | Total number of shares arising as a result of exercise of options | 188 Options | 15,800 Options |
| (vii) | Money realised by exercise of options | ₹43,576.52 | ₹47,55,800 |
| (viii) | Total number of options in force at the end of the period ending March 31, 2020 | NIL | 4,21,200 Options |
| (ix) | Available for further grant | NIL – Refer Note 1 | 25,43,000 Options |
| H | Weighted average exercise price | NIL | ₹346.86 |
| I | Weighted average fair value of options | NIL | ₹218.75 |
| J | Employee-wise details of options granted during the year under review: | | |
| (i) | Senior Managerial Personnel/ Key Managerial Personnel | NONE | (Refer Note 2) |
| (ii) | Any other employee who received grant in any one year of option amounts to 5% or more of options during the year | NONE | NONE |
| (iii) | Identified employees who were granted options, during any one year, equal or exceeding 1% of the issued capital (excluding outstanding warrants and conversion) of the Company at the time of grant | NONE | NONE |

| Description | Strides Arcolab ESOP 2015 | Strides ESOP Plan 2016 | | | | | | | |
|--|---|------------------------|--------------|--------------|-------------|--------------|---------------|--------------|--------------|
| K | A description of the method and significant assumptions used during the year to estimate the fair value of options, including the following weighted average information: | | | | | | | | |
| | The Fair Value of options granted were estimated on the grant date using Black Scholes method. Details of assumptions used in the estimation of Fair Value as at grant date for options granted during the year are given below: | | | | | | | | |
| Scheme | ESOP 2015 | ESOP 2016 | | | | | | | |
| | LOT 3 | LOT 1 | LOT 2 | LOT 3 | LOT 4 | LOT 5 | LOT 6 | LOT 7 | LOT 8 |
| Grant date: | May 16, 2016 and Oct 28, 2016 | June 15, 2016 | May 18, 2017 | Aug 14, 2017 | Aug 8, 2018 | Jan 29, 2019 | July 29, 2019 | Sep 20, 2019 | Oct 25, 2019 |
| Exercise Price: | ₹273.92 | ₹841.25 | ₹792.45 | ₹656.10 | ₹301.00 | ₹378.40 | ₹265.20 | ₹269.70 | ₹257.65 |
| Repriced on April 24, 2018 | ₹231.79 | ₹711.85 | ₹670.56 | ₹555.18 | - | - | - | - | - |
| Risk free interest rate | 7.59% | 7.52% | 6.73% | 6.52% | 7.78% | 7.53% | 6.44% | 6.78% | 6.66% |
| Expected life | 4 years | 3 years | 3 years | 3 years | 3 years | 3 years | 3 years | 3 years | 3 years |
| Expected annual volatility of shares | 70.30% | 69.47% | 42.86% | 38.96% | 34.30% | 32.65% | 27.28% | 32.67% | 35.76% |
| Expected dividend/ yield | 40% | 40% | 40% | 40% | 40% | 20% | 20% | 20% | 20% |
| The price of the underlying share in market at the time of option grant | ₹1,305.43 | ₹1128.94 | ₹1037.51 | ₹896.72 | ₹414.85 | ₹504.50 | ₹352.75 | ₹360.10 | ₹373.00 |
| Volatility is calculated from the method of historical volatility, based on three years data of closing market prices of the Company's shares as per the data recorded by NSE and average number of trading days during that period. It is the percentage co-efficient within the option pricing formulae. | | | | | | | | | |

Note 1 ESOP 2015 was an exclusive Scheme for the employees of erstwhile Shasun Pharmaceuticals and its subsidiaries which merged into Strides. This was a Four-Year Scheme, which has ended on March 31, 2020.

Note 2: Employee wise details of options granted during the year under review:

| | Name of Employee | Designation | Category | No. of options | Exercise price (in ₹) | Scheme name |
|---|-------------------|------------------------------|----------|----------------|-----------------------|-------------|
| 1 | Anjani Kumar | Chief Information Officer | SMP | 25,000 | 265.20 | ESOP 2016 |
| 2 | Raju Subramanyam* | Head of Global Manufacturing | SMP | 25,000 | 269.70 | ESOP 2016 |
| 3 | Sanjay Singh | Chief Human Resource Officer | SMP | 25,000 | 269.70 | ESOP 2016 |
| 4 | V K Singh | Chief Business Officer | SMP | 25,000 | 257.65 | ESOP 2016 |

*Resigned effective January 31, 2020

Kindly note that this report is also available at <http://www.strides.com/investor-financial.html>

For and on behalf of the Board of Directors

Date: May 20, 2020
Place: Bengaluru

Dr. R Ananthanarayanan
Managing Director & CEO
DIN: 02231540

Badree Komandur
Executive Director – Finance & Group CFO
DIN: 07803242

Annexure 3

Details pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- a. Ratio of remuneration of each director to the median remuneration of the employees of the Company for the financial year ending March 31, 2020
- As at March 31, 2020, Board comprises of 8 Directors - viz., 3 Executive Directors, 4 Independent Directors and 1 Non-Executive Directors. Non-Executive & Independent Directors receive sitting fees of ₹100,000/- for attending each meeting of the Board and Audit Committee. Effective FY 2018-19, Non-Executive Directors and Independent Directors are also eligible for commission not exceeding 1% of the net profits of the Company for such financial year, computed in the manner provided in Section 198 of the Companies Act, 2013. The ratio of remuneration of the Executive Directors of the Company to the median remuneration of the employees of the Company for the financial year ended March 31, 2020 are as below:
- Mr. Arun Kumar, Executive Director* - 164:1
 - Mr. Badree Komandur, Executive Director - Finance & Group CFO - 78:1
 - Dr. R Ananthanarayanan, Managing Director & CEO – 202:1 **
- * Managing Director & Group CEO upto January 9, 2020;
**Appointed as Managing Director & CEO effective January 9, 2020;
- The median remuneration for the period under review is approx. ₹4,76,000/- per annum.
- Note: One-time payment made to employees for individual projects is excluded in calculation of above median remuneration.
- b. The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year ending March 31, 2020:
- | # | Particulars | % Increase |
|---|---|---|
| 1 | Mr. Arun Kumar, Executive Director | 30% |
| 2 | Badree Komandur Executive Director – Finance & Group CFO | 18% |
| 3 | Manjula Ramamurthy Company Secretary | 26% |
| 4 | Dr. R Ananthanarayanan, MD & CEO (effective Jan 9, 2020) | Not applicable as he was appointed effective January 9, 2020. |
- c. The percentage increase in the median remuneration of employees in the financial year ending March 31, 2020
- 5%
- d. The number of permanent employees on the rolls of Company as at March 31, 2020
- 2,608 Employees
- e. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration
- Average annual increase across the organisation was around 22%

Company affirms that remuneration to the Directors and Key Managerial Personnel is as per the remuneration policy of the Company.

For and on behalf of the Board of Directors

Date: May 20, 2020
Place: Bengaluru

Dr. R Ananthanarayanan
Managing Director & CEO
DIN: 02231540

Badree Komandur
Executive Director – Finance & Group CFO
DIN: 07803242

Annexure 4

Corporate Social Responsibility Report FY 2019-20

1. Introduction

Company, with the awareness that its business in India impacts the lives of multiple stakeholders – employees, suppliers, customers, doctors, patients and communities, has formulated the Corporate Social Responsibility (CSR) policy with clear focus on three verticals:

- Health and hygiene
- Education
- Livelihood

Strides CSR initiatives go beyond compliance to create sustainable value for community by providing facilities to improve their health & hygiene, education, employability and has prioritised the causes in the current phase of its activities with an aim to:

- Serve the community
- Ensure sustainability
- Focus on quality

Company, with the commitment, to make a difference by creating an impact on the lives of people, continues to invest in some of the ongoing CSR initiatives and has taken up new programs / projects.

Company's CSR activities are primarily implemented through Strides Foundation, a Trust set up by the Promoters of the Company as a not-for-profit organisation.

Strides' CSR Policy is available on the Company's website and can be accessed at <http://www.strides.com/investor-committeboard.html>

2. Composition of the CSR Committee as at the date of this report is as under:

| # | Name of the Director | Category |
|---|-----------------------------|-------------|
| 1 | Dr. Kausalya Santhanam | Chairperson |
| 2 | Mr. Homi Rustam Khusrokhani | Member |
| 3 | Mr. Arun Kumar | Member |
| 4 | Mr. Deepak Vaidya | Member |

3. Average Net Profit of the Company on a standalone basis for the last three immediately preceding financial years is: ₹1,089.80 Million

4. Prescribed CSR Expenditure, which is two per cent of the amount mentioned in 3 above is ₹21.80 Million

5. Details of CSR spend during the FY 2019-20

| Details of CSR Expenditure | Amount (₹ in Million) |
|--|--------------------------|
| Prescribed CSR Spend for FY 19-20 | 21.80 |
| CSR Spend directly by Strides Pharma Science (A) | 2.76 |
| CSR Spend through Strides Foundation (B) | 20.20 |
| Total CSR Spend by Strides during the year under review (A+B) | 22.96 |
| Amount Unspent, if any | NONE |

6. Manner in which the amount was spent during FY 2019-20:

| S. No | CSR project or activity identified | Sector in which the project is covered | Projects or programs (1) Local Area or other (2) Specify the State and district where projects of programs was undertaken | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs Sub heads (1) Direct expenditure (2) Overheads on projects | Cumulative Amount spent: Direct expenditure upto the reporting period or through implementing agency * | Remarks |
|-------------------------|--|--|---|---|---|--|--|
| Health | | | | | | | |
| 1 | Arogyadhama | Health | Honnakalaspura, Suragajakanahalli Panchayat, Anekal taluk, Bengaluru Dist, Karnataka State | ₹5,000,000 | ₹3,000,000 | ₹3,000,000 | Balance ₹20 Lakhs paid on April 9 2020: Delay due to Yes Bank fiasco and national lockdown |
| 2 | Health Camp - Awareness and Screening of Breast cancer Bengaluru | Health & Hygiene | Anekal Taluk, Bengaluru Dist, Karnataka State | ₹100,000 | ₹71,550 | ₹71,550 | Strides Foundation |
| 3 | RO Drinking Water setup - Bengaluru | Health & Hygiene | Anekal Main road - Suragajakanahalli Panchayat / Kumbharanahalli - Indlawadi Panchayat, Anekal Taluk, Bengaluru Dist, Karnataka State | ₹1,800,000 | ₹840,000 | ₹840,000 | Strides Foundation |
| 4 | RO Drinking Water setup - Puducherry | Health & Hygiene | Selliann Nagar and Mathur Village, Puducherry | ₹2,350,000 | - | - | Strides Foundation |
| 5 | Rain water Harvesting (2 nos) - Tsunami village Puducherry | Health & Hygiene | Tsunami Nagar, Puducherry | ₹350,000 | - | - | Strides Foundation |
| Total Health (A) | | | | ₹9,600,000 | ₹3,911,550 | ₹3,911,550 | Requisite approvals and documentation not received from local administration in Puducherry |

| S. No | CSR project or activity identified | Sector in which the project is covered | Projects or programs (1) Local Area or other (2) Specify the State and district where projects of programs was undertaken | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs Sub heads | | Cumulative expenditure upto the reporting period agency * | Remarks |
|----------------------------|--|--|---|---|--|---------------|---|---|
| | | | | | (1) Direct expenditure on projects | (2) Overheads | | |
| Education | | | | | | | | |
| 1 | Leaps program | Education | Haragadde Government School and Gottigere Government School, Bengaluru Dist, Karnataka State | ₹1,900,000 | ₹1,086,400 | - | ₹1,086,400 | Strides Foundation |
| 2 | Sponsorship & support - Blr | Education | CSIM - Training - Bengaluru - Karnataka | ₹1,000,000 | - | - | - | Strides Foundation No request received from CSIM on account of internal changes with CSIM management Balance ₹5.78 Lakhs paid on May 8, 2020: Delay due to Yes Bank fiasco and national lockdown |
| 3 | Infrastructure improvement - Anganwadi | Education | Sidihoskote Anganwadi, Suragajakkanahalli Panchayat, Anekal Taluk, Bengaluru Dist, Karnataka State | ₹2,700,000 | ₹867,000 | - | ₹867,000 | Strides Foundation |
| 4 | Model School - Haragadde Government School | Education | Haragadde Government School, Bengaluru Dist, Karnataka State | ₹1,600,000 | - | - | - | Strides Foundation * Proposal was to construct Model School titled 'Vidyadhama'; * Estimated cost for the Project is around ₹2.50 Cr (excluding land) and estimated time for completion is 12 months subject to clearance of all procedural formalities; * Location for the school is identified - discussion with local administration in progress for grant of land. |
| 5 | TISS Education support - Puducherry | Education | Puducherry | ₹1,600,000 | ₹2,763,486 | - | ₹2,763,486 | Direct by the company |
| Total Education (B) | | | | ₹8,800,000 | ₹4,716,886 | - | ₹4,716,886 | |

| S. No | CSR project or activity identified | Sector in which the project is covered | Projects or programs (1) Local Area or other (2) Specify the State and district where projects of programs was undertaken | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs Sub heads | | Cumulative expenditure upto the reporting period agency * | Remarks |
|---|--|--|---|---|--|------------------|---|---|
| | | | | | (1) Direct expenditure on projects | (2) Overheads | | |
| Employability & Livelihood | | | | | | | | |
| 1 | Employability development program with SVRCC - Puducherry | Employability | Local Area - Puducherry | ₹1,700,000 | ₹1,400,000 | - | ₹1,400,000 | Strides Foundation |
| Total Employability & Livelihood (C) | | | | ₹1,700,000 | ₹1,400,000 | - | ₹1,400,000 | |
| Other CSR Projects | | | | | | | | |
| 1 | CSR Impact Assessment | CSR Impact Assessment | NA | ₹7,00,000 | - | ₹5,55,950 | ₹5,55,950 | Strides Foundation Impact Assessment conducted through an Agency proficient in assessing impact of CSR activities. |
| 2 | Support to Police & Govt - in the form of CCPV Cameras, Renovation of the building | Community Welfare | Puducherry | ₹5,00,000 | - | - | - | Strides Foundation Requisite documentation not received from local administration in Puducherry |
| 3 | Miscellaneous CSR Projects | - | - | ₹5,00,000 | - | - | - | - |
| 4 | Odisha Rahat - Flood Relief | Disaster Management | Odisha | - | ₹4,14,816 | - | ₹4,14,816 | Strides Foundation Paid to Odisha Chief Minister Relief Fund |
| 5 | North Karnataka Flood Relief | Disaster Management | North Karnataka | - | ₹2,88,752 | - | ₹2,88,752 | Strides Foundation Paid to Karnataka Chief Minister - Flood Relief Fund |
| 6 | One Lakh Meals during Covid 19 Pandemic | Pandemic Response | Bengaluru City | - | ₹20,00,000 | - | ₹20,00,000 | Strides Foundation Arrangement made through NGO - Atria Foundation, Bengaluru |
| Total Other CSR Projects (D) | | | | ₹17,00,000 | ₹27,03,568 | ₹5,55,950 | ₹32,59,518 | |
| GRAND TOTAL (A+B+C+D) | | | | ₹2,18,00,000 | ₹1,27,32,004 | ₹5,55,950 | ₹1,32,87,954 | |

7. Brief on the ongoing projects

A. Health

1. Arogyadhama – State of the art Specialty Health Centre:

Arogyadhama – Pioneering in Preventive, Promotive and curative service - has excellent facilities for consultation and diagnosis. It has high quality services under one roof which makes Arogyadhama a unique multi-specialty clinic in a rural setting of Suragajakkanahalli panchayat. It has partnership with an eminent, credible entity in the field, Karuna Trust. There is good economic benefit for the patients since consultations are free, and medicines and diagnostic services are highly subsidised.

Equipped with state-of-the-art equipments viz., X-ray, Scan, Laboratory and Minor OT along with out-patient facilities, Arogyadhama has other specialist facilities like Ophthalmology, Gynaecology, Paediatrics, Dental Treatments, Pharmacy and day care. In the past year it has served over 9,100 patients.

Arogyadhama has taken up the cause of spreading awareness on different facets of health and hygiene like importance of clean environment, symptoms of different diseases such as Tuberculosis, Leprosy, H1N1, Malaria, COVID-19 etc and their proactive treatment, persuading the community to keep the environment clean. It has also taken up wide spread awareness, health camps and outreach programmes to identify diabetes and hypertension patients. Counselling, administering regular medicines, follow up medical checks, data maintenance of all the patients are some of Arogyadhama's routine activities, in addition to providing curative healthcare and health management at the centre.

FY 2019-20 Highlights:

- During the year, about 3,000+ students were benefited under the "School Health Program" who were covered from 44 schools from the Panchayats of Suragajakkanahalli, Indlawadi, Haragadde and Hennagra
- As part of Antenatal care, free ultrasound was conducted for pregnant women to ensure the best health conditions for both mother and baby during pregnancy.
About 492 cases were provided with this facility
- 7 Eye camps were conducted in 10 villages. About 5,000 villagers were benefitted by the eye camps conducted. Free cataract surgeries were facilitated for 28 patients
- Tuberculosis survey conducted in 11 villages - 12 positive cases being treated at Arogyadhama.
- Leprosy survey held in 10 villages, a total of 1,200 family covered - found 22

suspected cases and referred them for further medical investigation. No cases found positive

- Conducted H1N1 Awareness Camps in 9 villages. Covered around 2,800 people. Also spread awareness on its symptoms, treatment and prevention from infecting.
- Larva mosquito control operations was done in 11 villages which covered about 1,300 houses.

There were about 123 positive cases found and were advised to clean the surrounding area. Also, awareness on importance of Clean Environment and Hygiene was conducted.

- Polio vaccine administered to 223 kids covering 11 villages in co-ordination with Government PHC Haragadde.
- About 160 women were benefitted by Breast Cancer Awareness and Screening Camps conducted by the PHC during the year. 4 cases were suspected and are being treated.
- Health camp conducted in Gowrenahalli in collaboration with Government PHC Anekal for Non-Communicable diseases and Revised National Tuberculosis Control Programme (RNTCP) programme - covered 110 houses with 400+ population
- Conducted COVID-19 Survey along with Government PHC Haragadde in 3 Villages (Gowrenahalli, Siddanapalya, Sidihoskote) of Suragajakkanahalli Panchayat.
- Considering COVID-19 pandemic, awareness was provided to Villagers of Honnakalapuram and Gowrenahalli about social distancing, hygiene, importance of wearing masks etc.
- Provided 10 ventilators to BMC & Victoria Hospital, Bowring and Lady Curzon Hospitals and Mahaveer Jain Foundation
- Supplied sanitisers to the isolation hospitals and government frontline COVID taskforce teams (medics/paramedics and police)
- Distributed face masks (N95/3 ply/cotton cloth reusable) and gloves, among others to government taskforce teams
- Delivered survival kits and packed food to migrants and needy in and around our manufacturing facilities

Also informed on the protocols to be followed during the current situation.

Arogyadhama has garnered appreciation and positive feedback from the surrounding villages, the Panchayat and also from the Government PHCs & Doctors. Arogyadhama has been certified as one of the best PHC in maintaining the health records and keeping it real time.

2. RO Water plants

To avoid water borne diseases and to provide accessibility to safe drinking water, Strides has made permanent arrangements for safe drinking water to over 9,000 people at Suragajakkanahalli, Hennagra and Neralur panchayats in Anekal Taluk, Bengaluru. Till date, Strides Foundation, has built 9 self-sustainable RO water units, with 2,000 litres per hour capacity each.

During the year one self-sustainable RO water set-up was provided in Honnaklasapura, Suragajakkanahalli panchayat, Bengaluru Rural. This RO plant provides safe drinking water catering to about 1,000 population.

B. Education:

1. LeAPS:

Leadership Adoption Program for Schools, popularly known as LeAPS program is a programme designed for people transformation and is customised for the young students of government schools. It is delivered by professional trainers from People Pro Trainers for Social Impact.

LeAPS programme is a yearlong integrated programme and is taken up as a regular activity. The skills mastered in the LEAPS programme at the Haragadde school include learning styles, listening skills and memory retention. Further, in a survey conducted amongst students, 81% of the students stated that they feel more confident, responsible and courageous after attending the LeAPS classes and 75% have learnt to appreciate diverse views and work collaboratively as a team.

During the year, 500 students benefitted from Haragadde Government Primary & High school.

Summer camp with Leadership theme was conducted for the students in which about 230 students participated

2. Infrastructure Improvement

Continuing our focus on Education, with an intention to provide better quality of infrastructure to children of Sidihoskote Village at Suragajakkanahalli Panchayat, we have constructed an Anganwadi. The project is completed and handing over is planned after the lockdown period.

C. Employability

1. Vocational skill Development:

With a purpose of providing vocational skills to the youths of fisherman community and other lesser privileged villages at Puducherry and making them employable, the Employment Empowerment Program is being organised every year. We have partnered with Swami Vivekananda Rural Community College (SVRCC), where 100 students are selected, trained, in several job-related courses, with a holistic approach, to make them responsible citizens.

It is a matter of pride that we have achieved success in enabling local youths for employment.

During FY 20, training for 4th batch of 100 students has commenced, further as part of the program on the job training will be provided to these students.

Out of the 300 students who were qualified from the last three batches, about 271 have been employed and 29 are pursuing higher studies.

About 90% of students have found placement in Puducherry itself, thereby fulfilling one of our objectives to prevent migration.

This success has given us confidence to launch the 4th bath of 100 students.

D. Relief and rehabilitation

1. Odisha - Rahat Flood relief

During the flood situation our employees have voluntarily contributed to the cause and management has given a matching contribution of ₹4,14,816/- Finally, a total amount of ₹8,29,632/- was handed over to the "Chief Minister's relief fund, Odisha"

2. North Karnataka - Flood relief

Similarly, our employees voluntarily contributed for the North Karnataka flood relief collecting ₹2,88,752, Strides matched the contribution to pay ₹5,77,504/- "Chief Minister Relief Fund Natural Calamity – Government of Karnataka"

3. Covid 19

Supported Atria Foundation with ₹20 Lakhs to provide one lakh meal – to meet the need of the hour relief.

Responsibility Statement:

We hereby confirm that the implementation of the policy and monitoring of the CSR projects and activities is in compliance with the CSR objectives and CSR Policy of the Company.

Date: May 20, 2020
Place: Bengaluru

Dr. Kausalya Santhanam
Independent Director & Chairperson
of CSR Committee
DIN: 06999168

Dr. R Ananthanarayanan
Managing Director & CEO
DIN: 02231540

Annexure 5

Form AOC-2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

- Details of contracts or arrangements or transactions not at arm's length basis:**
All the contracts/ arrangements/ transactions entered into by the Company with related parties during the FY 2019-20 were at arm's length basis.
- Details of material contracts or arrangements or transactions at arm's length basis for the year ended March 31, 2020 are as under:**

| # | Name of the Related Party | Nature of Relationship | Nature of contracts/ arrangements/ transactions | Duration of the contracts/ arrangements/ transactions | Salient terms of the contracts/ arrangements/ transactions | Monetary Value (₹ in Million) | Date of approval by the Board/ Audit Committee | Amount paid as advances, if any |
|---|--|--|--|---|---|-------------------------------|---|---------------------------------|
| 1 | Solara Active Pharma Sciences Limited (Solara) | Enterprise owned or significantly influenced by KMP and relatives of KMP | Purchase of Materials, Rental Income, Sale of Materials/ Services | Ongoing | The Company predominantly purchase APIs from Solara. In addition to API, the Company has other transactions with Solara such as rental income from lease of property, sale of materials/ services etc. | 2,697.61 (Refer note 1) | Appropriate approvals have been taken for related party transactions. | Nil |
| 2 | Strides Pharma Global Pte. Limited | Step down wholly owned subsidiary | Sale of Materials/ Services, Purchase of Materials/ Services, Guarantee Commission Income, Sale of IPs, Sale of Assets | Ongoing | Based on Transfer Pricing guidelines | 9,581.14 | Appropriate approvals have been taken for related party transactions. | Nil |

Notes:

- Includes transactions undertaken with Strides Chemicals Private Limited, a WOS of Solara, which merged with Solara on February 1, 2020, with an Appointed Date of September 1, 2018.
- Above data excludes reimbursement of expenses incurred by/ incurred on behalf of related party (Refer Note no. 44 of Standalone Financial Statements).

For and on-behalf of the Board of Directors

Dr. R Ananthanarayanan
Managing Director & CEO
DIN: 02231540

Badree Komandur
Executive Director – Finance & Group CFO
DIN: 07803242

Date: May 20, 2020
Place: Bengaluru

Annexure 6

Form No. MR-3 Secretarial Audit Report

For the financial year ended on March 31, 2020

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

To,
The Members,
Strides Pharma Science Limited (formerly Strides Shasun Limited)
CIN: L24230MH1990PLC057062

Regd. Office:
201, 'Devavrata', Sector 17
Vashi, Navi Mumbai - 400 703
Maharashtra

Corporate Office:
Strides House, Bilekahalli
Bannerghatta Road
Bengaluru- 560 076
Karnataka

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **'Strides Pharma Science Limited'** ('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 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 authorised 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 March 31, 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 March 31, 2020 according to the provisions of:

- The Companies Act, 2013 (the Act) and the rules made thereunder.
- The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder.
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.
- Foreign Exchange Management Act, 1999 (FEMA) and the rules and regulations made there under

to the extent of Foreign Direct Investment and Overseas Direct Investment.

- 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.
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):
 - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
 - The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

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

We further report that, there were no events/ actions in pursuance of the following requiring compliance thereof by the Company during the Audit period.

- The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
- The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
- The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

We have also examined compliance with the applicable clauses of the following:

- Secretarial Standards issued by the Institute of Company Secretaries of India.
- SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing

Agreements entered into by the Company with the National Stock Exchange of India Limited and BSE Limited.

We further state that, during the period under review and based on our verification of the records maintained by the Company and also on review of compliance reports/ statements by the respective department heads/Chief Financial Officer/Company Secretary taken on record by the Board of Directors of the Company, in our opinion, adequate systems and processes and control mechanism commensurate to the size and nature of the Company's business exist in the Company to monitor and ensure compliances with applicable laws, industry specific laws, labour laws, intellectual property laws and environmental laws. We have not reviewed the applicable financial laws, direct and indirect tax laws since the same have been subject to review and audit by the Statutory Auditors of the Company. Further, we state that due to restrictions imposed by the Government on account of COVID-19, we were not able to verify certain records physically and relied on the soft copies provided electronically by the company.

We, further report that:

- As at March 31, 2020, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act, except for a delay in appointment of Woman Independent Director within the prescribed time limit.
- 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 in few meetings with shorter notice as per the Secretarial Standard 1 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.

- Majority decisions of the Board were unanimous and there were no dissenting views by any Members' of the Board during the period under review.

We further report that during the audit period:

- the Company has not issued any equity or preference shares/ debentures/ sweat equity except those equity shares issued to employees of the Company under various ESOP Plans.
- the Company has sought Members approval in pursuance of Section 185 of the Act relating to Corporate Guarantee provided on behalf of Stelis Biopharma Private Limited through postal ballot.
- the Company has sought Members approval for Scheme of Amalgamation of its wholly owned subsidiaries i.e., Arrow Remedies Private Limited, Fagris Medica Private Limited, Strides Emerging Markets Limited into the Company pursuant to the provisions of Section 230 to 232 of the Act.
- the Company has not undertaken any foreign technical collaborations.

For Gopalakrishnaraj H H & Associates
Company Secretaries

Gopalakrishnaraj H H
Proprietor

FCS: 5654; CP: 4152

UDIN: F005654B000239371

Place: Bengaluru
Date: 14/05/2020

Annexure 7

Form No. MGT-9 Extract of Annual Return

For the financial year ended on March 31, 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 | L24230MH1990PLC057062 |
| Registration date | June 28, 1990 |
| Name of the company | Strides Pharma Science Limited (formerly Strides Shasun Limited) |
| Category/ Sub-Category of the company | Company Limited by shares / Non-Govt. Company |
| Address of the Registered office and contact details | 201, Devavrata, Sector 17, Vashi, Navi Mumbai – 400703 Telephone: 022 27893199/ 27892924; Fax: 022 27892942 Email: investors@strides.com Website: www.strides.com |
| Whether listed company | Yes |
| Name, address and contact details of Registrar and transfer Agent, if any | KFin Technologies Private Limited (Formerly, Karvy Fintech Private Limited) Karvy Selenium Tower B, Plot no.31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032 Telephone: + 91 40 67162222 Fax: +91 40 2300 1153 Email id: raju.sv@kfintech.com |

II. Principal Business Activities of the Company

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|--|----------------------------------|------------------------------------|
| a. | Pharmaceutical | 210 as per NIC 2008 code | 100 |

III. Particulars of Holding, Subsidiary and Associate Companies

| Name | Country | CIN | Category Holding/ Subsidiary /Associate/ JV | % of shares held | Applicable section |
|---|--------------|-----------------------|---|------------------|--------------------|
| Altima Innovations, Inc. | USA | NA | Subsidiary | 100% | Section 2(87) |
| Apollo Life Sciences Holdings Proprietary Limited | South Africa | NA | Subsidiary | 51.76% | Section 2(87) |
| Arco Lab Private Limited | India | U74999KA2018PTC115573 | Subsidiary | 100% | Section 2(87) |
| Arrow Life Sciences (Malaysia) Sdn. Bhd. | Malaysia | NA | Subsidiary | 100% | Section 2(87) |
| Arrow Pharma (Private) Limited | Sri Lanka | NA | Subsidiary | 100% | Section 2(87) |
| Arrow Pharma Life Inc. | Philippines | NA | Subsidiary | 100% | Section 2(87) |
| Arrow Pharma Pte. Ltd. | Singapore | NA | Subsidiary | 100% | Section 2(87) |
| Arrow Remedies Private Limited | India | U33111MH2015FTC268380 | Subsidiary | 100% | Section 2(87) |
| Beltapharm S.P.A | Italy | NA | Subsidiary | 97.94% | Section 2(87) |
| Fagris Medica Private Limited | India | U24230MH2008PTC271062 | Subsidiary | 100% | Section 2(87) |
| Generic Partners (Canada) Inc. | Canada | NA | Subsidiary | 100% | Section 2(87) |
| Generic Partners (International) Pte. Ltd. | Singapore | NA | Subsidiary | 100% | Section 2(87) |
| Generic Partners (R&D) Pte. Ltd. | Singapore | NA | Subsidiary | 100% | Section 2(87) |
| Generic Partners UK Ltd | UK | NA | Subsidiary | 100% | Section 2(87) |
| Pharmapar Inc | Canada | NA | Subsidiary | 80% | Section 2(87) |
| Shasun Pharma Solutions Inc | USA | NA | Subsidiary | 100% | Section 2(87) |

| Name | Country | CIN | Category Holding/ Subsidiary /Associate/ JV | % of shares held | Applicable section |
|--|--------------|-----------------------|---|------------------|--------------------|
| Stabilis Pharma Inc. | USA | NA | Subsidiary | 100% | Section 2(87) |
| Stelis Biopharma (Malaysia) Sdn. Bhd. | Malaysia | NA | Subsidiary | 100% | Section 2(87) |
| Strides Arcolab International Ltd | UK | NA | Subsidiary | 100% | Section 2(87) |
| Strides CIS Limited | Cyprus | NA | Subsidiary | 100% | Section 2(87) |
| Strides Emerging Markets Limited (formerly Strides Emerging Markets Private Limited) | India | U24132KA2012PLC064214 | Subsidiary | 100% | Section 2(87) |
| Strides LifeSciences Limited | Nigeria | NA | Subsidiary | 100% | Section 2(87) |
| Strides Netherlands B.V. | Netherlands | NA | Subsidiary | 100% | Section 2(87) |
| Strides Nordic ApS | Denmark | NA | Subsidiary | 100% | Section 2(87) |
| Strides Pharma (Cyprus) Limited | Cyprus | NA | Subsidiary | 100% | Section 2(87) |
| Strides Pharma (SA)(Pty) Ltd | South Africa | NA | Subsidiary | 60% | Section 2(87) |
| Strides Pharma Asia Pte. Ltd. | Singapore | NA | Subsidiary | 100% | Section 2(87) |
| Strides Pharma Canada Inc | Canada | NA | Subsidiary | 100% | Section 2(87) |
| Strides Pharma Global (UK) Ltd (formerly, Strides Pharma (UK) Ltd) | UK | NA | Subsidiary | 100% | Section 2(87) |
| Strides Pharma Global Pte Limited | Singapore | NA | Subsidiary | 100% | Section 2(87) |
| Strides Pharma Inc | USA | NA | Subsidiary | 100% | Section 2(87) |
| Strides Pharma International Limited | Cyprus | NA | Subsidiary | 100% | Section 2(87) |
| Strides Pharma Science Pty Ltd | Australia | NA | Subsidiary | 100% | Section 2(87) |
| Strides Pharma UK Ltd | UK | NA | Subsidiary | 100% | Section 2(87) |
| Strides Shasun Latina Sa De Cv | Mexico | NA | Subsidiary | 80% | Section 2(87) |
| Strides Vivimed Pte. Ltd. (formerly, Vivimed Global Generics Pte Ltd) | Singapore | NA | Subsidiary | 100% | Section 2(87) |
| SVADS Holdings SA | Switzerland | NA | Subsidiary | 100% | Section 2(87) |
| Trinity Pharma (Pty) Ltd | South Africa | NA | Subsidiary | 51.76% | As per IND AS |
| Universal Corporation Limited | Kenya | NA | Subsidiary | 51% | As per IND AS |
| Vensun Pharmaceuticals, Inc. | USA | NA | Subsidiary | 100% | Section 2(87) |
| Vivimed Life Sciences Private Limited | India | U24304TG2017PTC115352 | Subsidiary | 100% | Section 2(87) |
| Aponia Laboratories, Inc | USA | NA | Associate | 24% | As per IND AS |
| Eris Pharma GmbH | Germany | NA | Associate | 70% | As per IND AS |
| Fairmed Healthcare AG | Switzerland | NA | Associate | 70% | As per IND AS |
| Fairmed Healthcare GmbH | Germany | NA | Associate | 70% | As per IND AS |
| Juno OTC Inc | Canada | NA | Associate | 60% | As per IND AS |
| Regional Bio Equivalence Centre SC | Ethiopia | NA | Associate | 24.98% | As per IND AS |
| Sihuan Strides (HK) Ltd | Hong Kong | NA | JV | 49% | As per IND AS |
| Stelis Biopharma LLC | USA | NA | Associate | 47.81% | As per IND AS |
| Stelis Biopharma Private Limited | India | U74140KA2007PTC043095 | Associate | 47.81% | As per IND AS |
| Stelis Pte. Ltd | Singapore | NA | Associate | 47.81% | As per IND AS |
| Strides Consumer LLC | USA | NA | Associate | 53.64% | As per IND AS |
| Strides Consumer Private Limited | India | U24100MH2017PTC292022 | Associate | 26.01% | As per IND AS |
| Strides Global Consumer Healthcare Limited | UK | NA | Associate | 53.64% | As per IND AS |

IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding:

| Category of Shareholders | No. of Shares held at the beginning of the year April 1, 2019 | | | | No. of Shares held at the end of the year March 31, 2020 | | | | % Change during the year |
|--|---|--------------|-------------------|-------------------|--|--------------|-------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| (A) Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| Individual/ HUF | 6,531,584 | - | 6,531,584 | 7.29 | 6,829,434 | - | 6,829,434 | 7.63 | 0.33 |
| Central Government | - | - | - | - | - | - | - | - | - |
| State Government | - | - | - | - | - | - | - | - | - |
| Bodies Corporate | 21,439,738 | - | 21,439,738 | 23.94 | 21,180,647 | - | 21,180,647 | 23.65 | (0.29) |
| Banks/ Financial Institutions | - | - | - | - | - | - | - | - | - |
| Any Other | - | - | - | - | - | - | - | - | - |
| Sub Total (A)(1) | 27,971,322 | - | 27,971,322 | 31.24 | 28,010,081 | - | 28,010,081 | 31.27 | 0.04 |
| (2) Foreign | | | | | | | | | |
| NRI's - Individuals | - | - | - | - | - | - | - | - | - |
| Other - Individuals | - | - | - | - | - | - | - | - | - |
| Bodies Corporate | - | - | - | - | - | - | - | - | - |
| Banks/ Financial Institutions | - | - | - | - | - | - | - | - | - |
| Any Other | - | - | - | - | - | - | - | - | - |
| Sub Total (A)(2) | - | - | - | - | - | - | - | - | - |
| Total Shareholding of Promoter (A)=(A)(1)+(A)(2) | 27,971,322 | - | 27,971,322 | 31.24 | 28,010,081 | - | 28,010,081 | 31.27 | 0.04 |
| (B) Public Shareholding | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| Mutual Funds/UTI | 20,044,710 | - | 20,044,710 | 22.38 | 13,504,067 | - | 13,504,067 | 15.08 | (7.31) |
| Banks/ Financial Institutions | 988,021 | 1,026 | 989,047 | 1.10 | 3,385,136 | 1,026 | 3,386,162 | 3.78 | 2.68 |
| Central Government | - | - | - | - | - | - | - | - | - |
| State Government | - | - | - | - | - | - | - | - | - |
| Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| Insurance Companies | - | - | - | - | - | - | - | - | - |
| FII's/ FPI's | 22,591,453 | - | 22,591,453 | 25.23 | 25,793,305 | - | 25,793,305 | 28.80 | 3.57 |
| Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| Others: Alternate Investment Funds | 612,842 | - | 612,842 | 0.68 | - | - | - | - | (0.68) |
| Sub Total (B)(1) | 44,237,026 | 1,026 | 44,238,052 | 49.40 | 42,682,508 | 1,026 | 42,683,534 | 47.66 | (1.74) |
| (2) Non Institutions | | | | | | | | | |
| (a) Bodies Corporate | | | | | | | | | |
| (i) Indian | 2,937,720 | 2,066 | 2,939,786 | 3.28 | 4,025,081 | 2,054 | 4,027,135 | 4.50 | 1.21 |
| (ii) Overseas: Foreign Co./ Overseas Corporate Bodies | 21,000 | - | 21,000 | 0.02 | 21,000 | - | 21,000 | 0.02 | - |
| (b) Individuals | | | | | | | | | |
| (i) Individual shareholders holding nominal share capital upto ₹1 Lakh | 8,565,075 | 140,589 | 8,705,664 | 9.72 | 8,063,821 | 128,081 | 8,191,902 | 9.15 | (0.58) |
| (ii) Individual shareholders holding nominal share capital in excess ₹1 Lakh | 2,613,018 | - | 2,613,018 | 2.92 | 3,421,324 | - | 3,421,324 | 3.82 | 0.90 |
| (c) Others | | | | | | | | | |

| Category of Shareholders | No. of Shares held at the beginning of the year April 1, 2019 | | | | No. of Shares held at the end of the year March 31, 2020 | | | | % Change during the year |
|---|--|----------------|-------------------|-------------------|---|----------------|-------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| (i) Non Resident Indians | 1,858,595 | 9,725 | 1,868,320 | 2.09 | 1,796,969 | 8,991 | 1,805,960 | 2.02 | (0.07) |
| (ii) HUF | 434,064 | - | 434,064 | 0.48 | 431,107 | - | 431,107 | 0.48 | - |
| (iii) Directors | 280,750 | - | 280,750 | 0.31 | 327,174 | - | 327,174 | 0.37 | 0.05 |
| (iv) Trust | 3,330 | - | 3,330 | - | 1,980 | - | 1,980 | - | - |
| (v) Clearing Members | 184,329 | - | 184,329 | 0.21 | 129,955 | - | 129,955 | 0.15 | (0.06) |
| (vi) Foreign Nationals | 97,120 | - | 97,120 | 0.11 | 97,120 | - | 97,120 | 0.11 | - |
| (vii) NBFCs registered with RBI | 5,005 | - | 5,005 | 0.01 | 132,367 | - | 132,367 | 0.15 | 0.14 |
| (viii) NRI Non-Repatriation | 122,448 | - | 122,448 | 0.14 | 127,175 | - | 127,175 | 0.14 | 0.01 |
| (ix) IEPF | 65,268 | - | 65,268 | 0.07 | 71,240 | - | 71,240 | 0.08 | 0.01 |
| (x) Beneficial Holdings Under MGT-4 | - | - | - | - | 3,000 | - | 3,000 | - | - |
| (xi) Qualified Institutional Buyer | - | - | - | - | 83,410 | - | 83,410 | - | 0.09 |
| Sub Total (B2) | 17,187,722 | 152,380 | 17,340,102 | 19.36 | 18,732,723 | 139,126 | 18,871,849 | 21.07 | 1.71 |
| Total Public Shareholding | 61,424,748 | 153,406 | 61,578,154 | 68.76 | 61,415,231 | 140,152 | 61,555,383 | 68.73 | (0.04) |
| B=(B)(1)+(B)(2) | | | | | | | | | |
| (C) Shares held by Custodian for GDRs & ADRs | | | | | | | | | |
| Grand Total(A+B+C) | 89,396,070 | 153,406 | 89,549,476 | 100.00 | 9,425,312 | 140,152 | 89,565,464 | 100.00 | - |

ii) Shareholding of Promoters

| Category & Name of the Shareholder | Shareholding at the beginning of the year April 1, 2019 | | | Shareholding at the end of the year March 31, 2020 | | | % change in shareholding during the year |
|------------------------------------|--|----------------------------------|---|---|----------------------------------|---|--|
| | No. of Shares | % of total Shares of the company | % of Shares Pledged/encumbered to total shares held | No. of Shares | % of total Shares of the company | % of Shares Pledged/encumbered to total shares held | |
| Promoters | | | | | | | |
| 1 Arun Kumar Pillai | 1,370,797 | 1.53 | - | 1,370,797 | 1.53 | 85.17 | - |
| 2 K R Ravishankar | 1,255,593 | 1.40 | - | 1,255,593 | 1.40 | - | - |
| 3 Devendra Kumar S | 11,272 | 0.01 | - | 11,272 | 0.01 | - | - |
| 4 Vimal Kumar S | 265,012 | 0.30 | 47.73 | 257,012 | 0.29 | 49.22 | (0.01) |
| 5 Pronomz Ventures LLP | 12,665,000 | 14.14 | 7.90 | 12,665,000 | 14.14 | 85.77 | - |
| Promoter Group | | | | | | | |
| 6 S Abhaya Kumar HUF* | - | - | - | 63,000 | 0.07 | - | 0.07 |
| 7 Aditya Arun Kumar | - | - | - | - | - | - | - |
| 8 Chaitanya D | 331,988 | 0.37 | - | 422,988 | 0.47 | - | 0.10 |
| 9 Deepa Arun Kumar | - | - | - | - | - | - | - |
| 10 Deepak Abhaya Kumar | - | - | - | - | - | - | - |
| 11 Gayatri Nair | 33,000 | 0.04 | - | 33,000 | 0.04 | - | - |
| 12 Hemalatha Pillai | 48,000 | 0.05 | - | 48,000 | 0.05 | - | - |
| 13 Jatin V | 394,283 | 0.44 | - | 461,033 | 0.51 | - | 0.07 |
| 14 Jitesh D | 364,125 | 0.41 | - | 364,125 | 0.41 | - | - |
| 15 K R Lakshmi | 130,365 | 0.15 | - | 130,365 | 0.15 | - | - |
| 16 Lakshmi Gopalakrishnan | 50,000 | 0.06 | - | 50,000 | 0.06 | - | - |
| 17 Leela V | 425,358 | 0.47 | - | 417,858 | 0.47 | - | (0.01) |
| 18 Monisha Nitin | 158,750 | 0.18 | - | 144,750 | 0.16 | - | (0.02) |
| 19 Nitin Kumar V | 431,255 | 0.48 | - | 498,005 | 0.56 | - | 0.07 |
| 20 Padmakumar Karunakaran Pillai | 171,485 | 0.19 | - | 171,485 | 0.19 | - | - |
| 21 Pooja Srisrimal | 93,750 | 0.10 | - | 93,750 | 0.10 | - | - |

| Category & Name of the Shareholder | Shareholding at the beginning of the year April 1, 2019 | | | Shareholding at the end of the year March 31, 2020 | | | % change in shareholding during the year |
|---|--|----------------------------------|---|---|----------------------------------|---|--|
| | No. of Shares | % of total Shares of the company | % of Shares Pledged/encumbered to total shares held | No. of Shares | % of total Shares of the company | % of Shares Pledged/encumbered to total shares held | |
| 22 Purushothaman Pillai G | 33,013 | 0.04 | - | 33,013 | 0.04 | - | - |
| 23 Rahul Nair | 20,000 | 0.02 | - | 20,000 | 0.02 | - | - |
| 24 Rajeswari Amma | 93,760 | 0.10 | - | 93,760 | 0.10 | - | - |
| 25 Rajitha Gopalakrishnan | 45,000 | 0.05 | - | 45,000 | 0.05 | - | - |
| 26 Rupali Jatin | 197,812 | 0.22 | - | 184,812 | 0.21 | - | (0.01) |
| 27 Sajitha Pillai | 80,000 | 0.09 | - | 80,000 | 0.09 | - | - |
| 28 Sajjan D | 162,000 | 0.18 | - | 167,000 | 0.19 | - | 0.01 |
| 29 Suchi Chaitanya Srisrimal | 93,750 | 0.10 | - | 93,750 | 0.10 | - | - |
| 30 Tarini Arun Kumar | - | - | - | - | - | - | - |
| 31 Taru Mardia* | - | - | - | 14,000 | 0.02 | - | 0.02 |
| 32 Vibha Srisrimal* | - | - | - | 14,000 | 0.02 | - | 0.02 |
| 33 V. Jatin (HUF) | 408 | - | - | 408 | - | - | - |
| 34 V. Nitin Kumar (HUF) | 500 | - | - | 500 | - | - | - |
| 35 Vimal Kumar S - HUF | 95,308 | 0.11 | 3.31 | 115,158 | 0.13 | 1.39 | 0.02 |
| 36 Vineetha Mohanakumar Pillai | 175,000 | 0.20 | - | 175,000 | 0.20 | - | - |
| Body Corporates | | | | | | | |
| 37 Abusha Investment & Manangement Services LLP | 281,221 | 0.31 | 2.49 | 281,221 | 0.31 | - | - |
| 38 Agnus Capital LLP | 20,000 | 0.02 | - | 20,000 | 0.02 | - | - |
| 39 Agnus Holdings Pvt Ltd | 120,816 | 0.13 | - | 120,816 | 0.13 | 99.32 | - |
| 40 Ambemata Securities | 481,660 | 0.54 | - | 481,660 | 0.54 | - | - |
| 41 Chayadeep Properties Private Ltd | 411,060 | 0.46 | - | 411,060 | 0.46 | 39.18 | - |
| 42 Devendra Estates Private Limited | 1,953 | - | 25.60 | 1,953 | - | - | - |
| 43 Devendra Estates LLP | 1,118,000 | 1.25 | 98.39 | 822,000 | 0.92 | 0.22 | (0.33) |
| 44 Sequent Scientific Limited | 3,312,500 | 3.70 | - | 3,312,500 | 3.70 | - | - |
| 45 Shasun Leasing And Finance (P) Limited | 968,091 | 1.08 | 33.26 | 1,005,000 | 1.12 | - | 0.04 |
| 46 Triumph Venture Holdings LLP | 35,937 | 0.04 | - | 35,937 | 0.04 | - | - |
| 47 Karuna Ventures Private Limited | 20,000 | 0.02 | - | 20,000 | 0.02 | 100.00 | - |
| 48 Karuna Business Solutions LLP | 603,500 | NA | 100.00 | 603,500 | 0.67 | 66.86 | 0.67 |
| 49 Lifecell International Private Limited | 1,400,000 | NA | 100.00 | 1,400,000 | 1.56 | 100.00 | 1.56 |
| Total | 27,971,322 | 31.24 | 16.31 | 28,010,081 | 31.27 | 50.93 | 0.04 |

*Became part of Promoter group effective August 2019

iii) Change in Promoters' Shareholding

| Shareholder's Name | Shareholding Details | | Cumulative Shareholding | |
|--|----------------------|----------------------------------|-------------------------|----------------------------------|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| Promoters | | | | |
| 1 Arun Kumar | | | | |
| At the beginning of the year April 1, 2019 | 1,370,797 | 1.53 | - | - |
| At the End of the year | - | - | 1,370,797 | 1.53 |
| 2 K R Ravishankar | | | | |
| At the beginning of the year April 1, 2019 | 1,255,593 | 1.40 | - | - |
| At the End of the year | - | - | 1,255,593 | 1.40 |
| 3 Devendra Kumar S | | | | |
| At the beginning of the year April 1, 2019 | 11,272 | 0.01 | - | - |
| At the End of the year | - | - | 11,272 | 0.01 |
| 4 Vimal Kumar S | | | | |
| At the beginning of the year April 1, 2019 | 265,012 | 0.30 | - | - |
| Less: Market sale on September 17, 2019 within the Promoter Group | 8,000 | | 257,012 | |
| At the End of the year | - | - | 257,012 | 0.29 |
| 5 Pronomz Ventures LLP | | | | |
| At the beginning of the year April 1, 2019 | 12,665,000 | 14.14 | - | - |
| At the End of the year | - | - | 12,665,000 | 14.14 |
| Promoter Group | | | | |
| 6 S. Abhayakumar HUF* | | | | |
| At the beginning of the year April 1, 2019 | - | - | - | - |
| Add: Market Purchase within the Promoter Group on August 9, 2019 | 63,000 | | | |
| At the End of the year | - | - | 63,000 | 0.07 |
| 7 Aditya Arun Kumar | | | | |
| At the beginning of the year April 1, 2019 | Nil | - | - | - |
| At the End of the year | - | - | Nil | Nil |
| 8 Chaitanya D | | | | |
| At the beginning of the year April 1, 2019 | 331,988 | 0.37 | - | - |
| Add: Market purchase within the Promoter Group between Aug 6, 2019 and Aug 9, 2019 | 91,000 | | 422,988 | |
| At the End of the year | - | - | 422,988 | 0.47 |
| 9 Deepa Arun Kumar | | | | |
| At the beginning of the year April 1, 2019 | Nil | - | - | - |
| At the End of the year | - | - | Nil | Nil |
| 10 Deepak Abhaya Kumar | | | | |
| At the beginning of the year April 1, 2019 | Nil | - | - | - |
| At the End of the year | - | - | Nil | Nil |
| 11 Gayatri Nair | | | | |
| At the beginning of the year April 1, 2019 | 33,000 | 0.04 | - | - |
| At the End of the year | - | - | 33,000 | 0.04 |
| 12 Hemalatha Pillai | | | | |
| At the beginning of the year April 1, 2019 | 48,000 | 0.05 | - | - |
| At the End of the year | - | - | 48,000 | 0.05 |
| 13 Jatin V | | | | |
| At the beginning of the year April 1, 2019 | 394,283 | 0.44 | - | - |
| Add: Market purchase on August 9, 2019 within the Promoter Group | 45,500 | | 439,783 | |
| Add: Market purchase on September 17, 2019 | 21,250 | | 461,033 | |
| At the End of the year | - | - | 461,033 | 0.51 |
| 14 Jitesh D | | | | |
| At the beginning of the year April 1, 2019 | 364,125 | 0.41 | - | - |
| At the End of the year | - | - | 364,125 | 0.41 |

| Shareholder's Name | Shareholding Details | | Cumulative Shareholding | |
|--|----------------------|----------------------------------|-------------------------|----------------------------------|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 15 K R Lakshmi | | | | |
| At the beginning of the year April 1, 2019 | 130,365 | 0.15 | - | - |
| At the End of the year | - | - | 130,365 | 0.15 |
| 16 Lakshmi Gopalakrishnan | | | | |
| At the beginning of the year April 1, 2019 | 50,000 | 0.06 | - | - |
| At the End of the year | - | - | 50,000 | 0.06 |
| 17 Leela V | | | | |
| At the beginning of the year April 1, 2019 | 425,358 | 0.47 | - | - |
| Less: Market sale on September 17, 2019 within the Promoter Group | 7,500 | | 417,858 | |
| At the End of the year | - | - | 417,858 | 0.47 |
| 18 Monisha Nitin | | | | |
| At the beginning of the year April 1, 2019 | 158,750 | 0.18 | - | - |
| Less: Market sale on September 17, 2019 within the Promoter Group | 14,000 | | 144,750 | |
| At the End of the year | - | - | 144,750 | 0.16 |
| 19 Nitin Kumar V | | | | |
| At the beginning of the year April 1, 2019 | 431,255 | 0.48 | - | - |
| Add: Market purchase between Aug 6, 2019 and Aug 9, 2019 within the Promoter Group | 45,500 | | 476,755 | |
| Add: Market purchase on September 17, 2019 within the Promoter Group | 21,250 | | 498,005 | |
| At the End of the year | - | - | 498,005 | 0.56 |
| 20 Padmakumar Karunakaran Pillai | | | | |
| At the beginning of the year April 1, 2019 | 171,485 | 0.19 | - | - |
| At the End of the year | - | - | 171,485 | 0.19 |
| 21 Pooja Srisimal | | | | |
| At the beginning of the year April 1, 2019 | 93,750 | 0.10 | - | - |
| At the End of the year | - | - | 93,750 | 0.10 |
| 22 Purushothaman Pillai G | | | | |
| At the beginning of the year April 1, 2019 | 33,013 | 0.04 | - | - |
| At the End of the year | - | - | 33,013 | 0.04 |
| 23 Rahul Nair | | | | |
| At the beginning of the year April 1, 2019 | 20,000 | 0.02 | - | - |
| At the End of the year | - | - | 20,000 | 0.02 |
| 24 Rajeswari Amma | | | | |
| At the beginning of the year April 1, 2019 | 93,760 | 0.10 | - | - |
| At the End of the year | - | - | 93,760 | 0.10 |
| 25 Rajitha Gopalakrishnan | | | | |
| At the beginning of the year April 1, 2019 | 45,000 | 0.05 | - | - |
| At the End of the year | - | - | 45,000 | 0.05 |
| 26 Rupali Jatin | | | | |
| At the beginning of the year April 1, 2019 | 197,812 | 0.22 | - | - |
| Less: Market sale on September 17, 2019 within the Promoter Group | 13,000 | | 184,812 | |
| At the End of the year | - | - | 184,812 | 0.21 |
| 27 Sajitha Pillai | | | | |
| At the beginning of the year April 1, 2019 | 80,000 | 0.09 | - | - |
| At the End of the year | - | - | 80,000 | 0.09 |
| 28 Sajjan D | | | | |
| At the beginning of the year April 1, 2019 | 162,000 | 0.18 | - | - |
| Add: Market purchase on December 10, 2019 within the Promoter Group | 5,000 | | 167,000 | |
| At the End of the year | - | - | 167,000 | 0.19 |
| 29 Suchi Chaitanya Srisimal | | | | |
| At the beginning of the year April 1, 2019 | 93,750 | 0.10 | - | - |
| At the End of the year | - | - | 93,750 | 0.10 |

| Shareholder's Name | Shareholding Details | | Cumulative Shareholding | |
|---|----------------------|----------------------------------|-------------------------|----------------------------------|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 30 Tarini Arun Kumar | | | | |
| At the beginning of the year April 1, 2019 | Nil | - | - | - |
| At the End of the year | | | Nil | Nil |
| 31 Taru Mardia* | | | | |
| At the beginning of the year April 1, 2019 | - | - | - | - |
| Add: Market Purchase within the Promoter Group on August 9, 2019 | 14,000 | | | |
| At the End of the year | - | - | 14,000 | 0.02 |
| 32 Vibha Srisimal* | | | | |
| At the beginning of the year April 1, 2019 | - | - | - | - |
| Add: Market Purchase within the Promoter Group on August 9, 2019 | 14,000 | | | |
| At the End of the year | - | - | 14,000 | 0.02 |
| 33 V. Jatin (HUF) | | | | |
| At the beginning of the year April 1, 2019 | 408 | - | - | - |
| At the End of the year | - | - | 408 | - |
| 34 V. Nitin Kumar (HUF) | | | | |
| At the beginning of the year April 1, 2019 | 500 | - | - | - |
| At the End of the year | - | - | 500 | - |
| 35 Vimal Kumar S - HUF | | | | |
| At the beginning of the year April 1, 2019 | 95,308 | 0.11 | - | - |
| Add: Credit of shares due to Invocation | 1,850 | | 97,158 | |
| Less: Debit of shares due to Invocation | 1,550 | | 95,608 | |
| Add: Credit of shares due to Invocation | 1,550 | | 97,158 | |
| Add: Off-market - on loan basis: May 17, 2019 | 18,000 | | 115,158 | |
| At the End of the year | | | 115,158 | 0.13 |
| 36 Vineetha Mohanakumar Pillai | | | | |
| At the beginning of the year April 1, 2019 | 175,000 | 0.20 | - | - |
| At the End of the year | - | - | 175,000 | 0.20 |
| BODY CORPORATES | | | | |
| 37 Abusha Investments & Management Services LLP | | | | |
| At the beginning of the year April 1, 2019 | 281,221 | 0.31 | - | - |
| At the End of the year | | | 281,221 | 0.31 |
| 38 Agnus Capital LLP | | | | |
| At the beginning of the year April 1, 2019 | 20,000 | 0.02 | - | - |
| At the End of the year | - | - | 20,000 | 0.02 |
| 39 Agnus Holdings Pvt Ltd | | | | |
| At the beginning of the year April 1, 2019 | 120,816 | 0.13 | - | - |
| At the End of the year | - | - | 120,816 | 0.13 |
| 40 Ambemata Securities | | | | |
| At the beginning of the year April 1, 2019 | 481,660 | 0.54 | - | - |
| At the End of the year | | | 481,660 | 0.54 |
| 41 Chayadeep Properties Private Ltd | | | | |
| At the beginning of the year April 1, 2019 | 411,060 | 0.46 | - | - |
| At the End of the year | - | - | 411,060 | 0.46 |
| 42 Devendra Estates LLP | | | | |
| At the beginning of the year April 1, 2019 | 1,118,000 | 1.25 | - | - |
| Less: Off-market sale on May 17, 2019 within the Promoter Group | 18,000 | | 1,100,000 | |
| Less: Market sale between Aug 6, 2019 and Aug 9, 2019 within the Promoter Group | 273,000 | | 827,000 | |
| Less: Market sale on Dec 10, 2019 within the Promoter Group | 5,000 | | 822,000 | |
| At the End of the year | | | 822,000 | 0.92 |

| Shareholder's Name | Shareholding Details | | Cumulative Shareholding | |
|--|----------------------|----------------------------------|-------------------------|----------------------------------|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 43 Devendra Estates Private Limited | | | | |
| At the beginning of the year April 1, 2019 | 1,953 | - | - | - |
| At the End of the year | - | - | 1,953 | - |
| 44 Sequent Scientific Limited | | | | |
| At the beginning of the year April 1, 2019 | 3,312,500 | 3.70 | - | - |
| At the End of the year | - | - | 3,312,500 | 3.70 |
| 45 Shasun Leasing And Finance (P) Limited | | | | |
| At the beginning of the year April 1, 2019 | 968,091 | 1.08 | - | - |
| Add: Market purchase on August 21, 2019 | 36,909 | | 1,005,000 | |
| At the End of the year | - | - | 1,005,000 | 1.12 |
| 46 Triumph Venture Holdings LLP | | | | |
| At the beginning of the year April 1, 2019 | 35,937 | 0.04 | - | - |
| At the End of the year | - | - | 35,937 | 0.04 |
| 47 Karuna Ventures Private Limited | | | | |
| At the beginning of the year April 1, 2019 | 20,000 | 0.02 | - | - |
| At the End of the year | - | - | 20,000 | 0.02 |
| 48 Karuna Business Solutions LLP | | | | |
| At the beginning of the year April 1, 2019 | 603,500 | 0.67 | - | - |
| At the End of the year | - | - | 603,500 | 0.67 |
| 49 Lifecell International Private Limited | | | | |
| At the beginning of the year April 1, 2019 | 1,400,000 | 1.56 | - | - |
| At the End of the year | | | 1,400,000 | 1.56 |

*Became part of Promoter group effective August 2019

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

| Name of Shareholder | Shareholding at the beginning of the year April 1, 2019 | | Cumulative Shareholding during the year | |
|--|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 SBI LONG TERM EQUITY FUND | 8,656,213 | 9.67 | 6,808,080 | 7.60 |
| 2 ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C | 6,092,000 | 6.80 | 5,550,388 | 6.20 |
| 3 ROUTEONE OFFSHORE MASTER FUND LP | 3,642,630 | 4.07 | 4,001,746 | 4.47 |
| 4 LIFE INSURANCE CORPORATION OF INDIA | 600,000 | 0.67 | 3,250,000 | 3.63 |
| 5 GOVERNMENT PENSION FUND GLOBAL | 2,831,878 | 3.16 | 3,091,878 | 3.45 |
| 6 BNP PARIBAS ARBITRAGE | 3,130,635 | 3.50 | 2,928,554 | 3.27 |
| 7 ROUTEONE FUND I LP | 2,673,097 | 2.99 | 2,684,088 | 3.00 |
| 8 BROOKDALE MAURITIUS INTERNATIONAL LIMITED | 1,204,851 | 1.35 | 1,823,904 | 2.04 |
| 9 SATPAL KHATTAR | 1,560,032 | 1.74 | 1,560,032 | 1.74 |
| 10 HDFC TRUSTEE COMPANY LTD- HDFC EQUITY SAVING FUND | 1,913,116 | 2.14 | 1,122,216 | 1.25 |
| 11 DSP EQUITY & BOND FUND | 2,610,065 | 2.91 | - | - |
| 12 APAX GLOBAL ALPHA LIMITED | 1,314,092 | 1.47 | - | - |

Note: The shares of the Company are traded on a daily basis and hence the date wise increase/ decrease in shareholding is not indicated. Shareholding is consolidated based on Permanent Account Number (PAN) of the shareholder

v) Shareholding of Directors and Key Managerial Personnel

| # | Name of the Directors and KMP | Shareholding at the beginning of the year April 1, 2019 | | Cumulative Shareholding during the year | |
|----|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | Arun Kumar | | | | |
| | At the beginning of the year | 1,370,797 | 1.53 | - | - |
| | At the End of the year | - | - | 1,370,797 | 1.53 |
| 2 | Deepak Vaidya | | | | |
| | At the beginning of the year | 177,000 | 0.20 | - | - |
| | Add: Market Purchase made on August 1, 2019 | 5,000 | - | - | - |
| | At the End of the year | - | - | 182,000 | 0.20 |
| 3 | Sridhar S | | | | |
| | At the beginning of the year | 48,750 | 0.05 | - | - |
| | At the End of the year | - | - | 48,750 | 0.05 |
| 4 | Bharat D Shah | | | | |
| | At the beginning of the year | 55,000 | 0.06 | - | - |
| | Add: Market Purchase made between Aug 13, 2019 to Aug 20, 2019 | 25,000 | - | - | - |
| | Add: Market Purchase made between Nov 11, 2019 to Nov 14, 2019 | 16,424 | - | - | - |
| | At the End of the year | - | - | 96,424 | 0.11 |
| 5 | Homi Rustam Khusrokhhan | | | | |
| | At the beginning of the year | Nil | Nil | - | - |
| | At the End of the year | - | - | Nil | Nil |
| 6 | Dr. Kauslaya Santhanam* | | | | |
| | At the beginning of the year | NA | NA | - | - |
| | At the End of the year | - | - | 1,000 | 0.00 |
| 7 | Sangita Reddy** | | | | |
| | At the beginning of the year | Nil | Nil | - | - |
| | At the End of the year | - | - | Nil | Nil |
| 8 | Dr. R Ananthanarayanan* | | | | |
| | At the beginning of the year | Nil | Nil | - | - |
| | At the End of the year | - | - | Nil | Nil |
| 9 | Badree Komandur | | | | |
| | At the beginning of the year | Nil | Nil | - | - |
| | At the End of the year | - | - | Nil | Nil |
| 10 | Manjula Ramamurthy - Company Secretary | | | | |
| | At the beginning of the year | 100 | - | - | - |
| | Add: ESOP Allotment on October 25, 2019 | 1,000 | - | - | - |
| | At the End of the year | - | - | 1,100 | - |

* Joined on the Board effective December 11, 2019

** Ceased to be a Director effective July 30, 2019

Joined on the Board effective January 9, 2020

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/ accrued but not due for payment as at March 31, 2020

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| | | | | |
| Indebtedness at the beginning of the financial year | | | | |
| (i) Principal Amount | 8112.43 | - | - | 8112.43 |
| (ii) Interest due but not paid | - | - | - | - |
| (iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 8112.43 | - | - | 8112.43 |
| Change in Indebtedness during the financial year | | | | |
| Addition | - | - | - | - |
| Reduction | (22.94) | - | - | (22.94) |
| Working capital loans (net) | 436.58 | - | - | 436.58 |
| Net Change | 413.64 | - | - | 413.64 |
| Indebtedness at the end of the financial year | | | | |
| (i) Principal Amount | 8,526.07 | - | - | 8,526.07 |
| (ii) Interest due but not paid | - | - | - | - |
| (iii) Interest accrued but not due | 39.23 | - | - | 39.23 |
| Total (i+ii+iii) | 8,565.30 | - | - | 8,565.30 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| # | Particulars of Remuneration | Name of MD/ WTD/ Manager | | | Total Amount (in ₹) |
|----|--|---|---|---|------------------------|
| | | Arun Kumar (Executive Director) | Badree Komandur (Executive Director – Finance & Group CFO) | Dr. R Ananthanarayanan (Managing Director & CEO) (from January 9, 2020) | |
| 1. | Gross Salary | | | | |
| | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961* | 5,19,99,996.00 | 2,47,00,000.00 | 1,37,09,680.00 | 9,04,09,676.00 |
| | Value of perquisites u/s 17(2) Income-tax Act, 1961 | 84,600.00 | - | 15,800.00 | 1,00,400.00 |
| | Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - |
| 2. | Stock Options | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission | - | - | - | - |
| | As % of profit | | | | |
| 5. | Others | | | | |
| | a) Annual Bonus/ Performance Linked Payout | 2,00,00,000.00 | 1,25,00,000.00 | - | 3,25,00,000.00 |
| | b) Joining Bonus/ Incentive Payout | - | - | 9,67,63,473.00** | 9,67,63,473.00 |
| | TOTAL (A) | 7,20,84,596.00 | 3,72,00,000.00 | 11,04,88,953.00 | 21,97,73,549.00 |
| | Ceiling as per the Act for Managing Directors/ Whole-time Directors | @ 5% of net profits as computed under the Act is ₹81.23 Million | @ 10% of net profits as computed under the Act is ₹162.46 Million | | |

*includes Company's contribution towards PF

**Including joining bonus paid to Dr. R Ananthanarayanan of ₹8.38 Crores, which will be amortised over the lock in period of 3 years and balance amount refers to the provision for 19-20 Bonus.

B. Remuneration to other directors

| # | Name of Directors | Fees for attending Board & Committee meetings (₹) | Commission (₹) | Others (₹) | Total (₹) |
|---|------------------------|---|------------------|------------|------------------|
| 1 | Deepak Vaidya | 12,00,000 | 10,00,000 | - | 22,00,000 |
| 2 | Sridhar S | 12,00,000 | 10,00,000 | - | 22,00,000 |
| 3 | Bharat Shah | 12,00,000 | 10,00,000 | - | 22,00,000 |
| 4 | Homi Khusrokhhan | 10,00,000 | 10,00,000 | - | 20,00,000 |
| 5 | Dr. Kausalya Santhanam | 4,00,000 | 3,33,333 | - | 7,33,333 |
| 6 | Sangita Reddy | 3,00,000 | - | - | 3,00,000 |
| | Total | 53,00,000 | 43,33,333 | - | 96,33,333 |

Overall ceiling as per the Act for Non-Executive Directors: ₹16.25 Million (being 1% of the net profit calculated under Section 198 of the Companies Act, 2013)

Total Managerial Remuneration for Managing Director/ Whole-time Directors and Other Directors: ₹224.11 Million (excluding sitting fees paid to Non-Executive Directors)

Details of remuneration paid to the Independent Directors who were appointed on the Board of Material Subsidiaries during FY 2019-20:

As per Regulation 24 of the Listing Regulations, the Company is required to appoint one of its independent director on the Board of its Material Subsidiaries, whose income or networth exceeds 20% of the consolidated income or networth of the Company in the immediately preceding accounting year.

Strides Pharma Asia Pte. Ltd (SPA) and Strides Pharma Global Pte. Limited (SPG), wholly owned subsidiaries of the Company in Singapore qualified for the above compliance.

Accordingly, the Company nominated one of its Independent Director on the Board of SPA and SPG. Sitting fees paid by each of the Singapore entities is US\$1,500 per quarter.

Details of sitting fees paid by the Singapore entities during FY 2019-20 is as under:

| Name of Director | SPA | SPG | Total | Remarks |
|------------------------|-----------|-----------|-----------|---|
| Bharat Shah | US\$4,500 | US\$4,500 | US\$9,000 | Date of Appointment in both the entities was April 1, 2019 Date of resignation in both the entities was January 24, 2020 |
| Dr. Kausalya Santhanam | US\$1,500 | US\$1,500 | US\$3,000 | Date of Appointment in both the entities was January 25, 2020 |

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

| # | Particulars | (Amount in ₹) Manjula Ramamurthy (Company Secretary) |
|----|--|--|
| 1. | Gross Salary | |
| | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961* | 37,03,597.00 |
| | Value of perquisites u/s 17(2) Income-tax Act, 1961 | - |
| | Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - |
| 2. | Perquisite tax (Stock Options) | 47,000.00 |
| 3. | Sweat Equity | - |
| 4. | Commission As % of profit | - |
| 5. | Others: Annual Bonus/ Performance Linked Payout | 240,000.00 |
| | TOTAL (A) | 39,90,597.00 |

*includes Company's contribution towards PF

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended March 31, 2020.

For and on-behalf of the Board of Directors

Dr. R Ananthanarayanan
Managing Director & CEO
DIN: 02231540

Badree Komandur
Executive Director – Finance & Group CFO
DIN: 07803242

Date: May 20, 2020
Place: Bengaluru

Annexure 8

Particulars on Energy Conservation and Technology Absorption for FY 2019-20.

A. Conservation of Energy

(i) Steps taken and impact on conservation of energy

- 1,03,257 KL of wastewater treated by waste water treatment plants and reused for garden/lawn/utilities inside the plant premises across all sites in India.
- 24,916 KL of water recycled from steam condensate and reused for steam generation at KRSG & Puducherry.
- 13,805KLrainwatercollectedandrecharged to improve the ground water table
- ground water table in and around the plant across all sites.
- Replacement of TFL/CFL/SVL with energy efficient LED lights resulted in saving of about 9,41,121 KWH across all sites.

(ii) Steps taken by the Company for utilising alternative sources of energy

- Utilisation of 14.36 MU renewable energy at KRSG & Puducherry resulted in 7611 Tons of CO₂ emissions reduction.
- Generated 4,12,988 Units of renewable energy through inhouse solar power generating systems of 340 KW Capacity.

B. Technology absorption:

(i) Efforts made towards technology absorption are:

At Oral Dosage Facility – Bengaluru

- Wurster coater with bottom spraying capability is installed in tab mfg area
- Integrated bottle filling with 100% online inspection system capability is commissioned for Exhibit Batches packaging
- Additional 400TR Air cooled chiller installed and commissioned to maintain plant environmental conditions.
- Electronic monitoring and recording of Environmental conditions was enabled in all manufacturing and storage areas .
- Installed ICPMS (Inductively coupled plasma mass spectrometry) for elemental impurities evaluation as per ICH Q3D

- Installed HRMS (High resolution Mass Spectrometry) for Nitroso Related Impurity Analysis

- Installed pXRD (Powder X- Ray Diffraction) in QC lab for conducting Polymorphism Studies

At Oral Dosage facility – Puducherry

- Electronic monitoring and recording of Environmental conditions was enabled in all mfg and storage areas.
- Online e-log books introduced in process areas to improve compliance on real time data entries.
- Additional 400TR Air cooled chiller installed and commissioned to maintain plant environmental conditions.
- All DP gauges has been replaced with Digital DP indicators in process areas for better accuracy and performance

At Oral Dosage facility – Alathur

- Installed high end compression machine with interchangeable turret and AWS to improve compression capacity along with IPC controlled 6 KL Octagonal Blender, Neocota - Tablet coating machine
- 100% online multi camera based Inspection system in CVC Bulk filling line commissioned to detect & reject tablets/hard gel capsules not meeting acceptance criteria.

At R&D – Bengaluru

- Installed ICPMS (Inductively coupled plasma mass spectrometry) for elemental impurities evaluation as per ICH Q3D
- Installed HRMS (High resolution Mass Spectrometry) for Nitroso Related Impurity Analysis
- Installed pXRD (Powder X- Ray Diffraction) for conducting Polymorphism Studies
- Installed LCMS (Mass spectrometry) for Genotoxic Impurity Evaluation

(ii) Product Improvement & Technology Absorption:

At Oral Dosage Facility – Bengaluru

- Prednisolone Tablets 5.0mg - Broken Tablets issue resolved by reducing tablet diameter from 6.50mm to 6.30mm for improving tablet hardness & also New limit was established New limit in Newton i.e. 25 N to 75 N from Kg/cm²
- Frusemide Tablets 20mg & 40mg - Broken Tablets issue resolved by Change in the granulation process, Incorporation of semidried granules milling at drying stage & Sifting of dried granules through #24 mesh instead of #16 mesh.
- Gemfibrozil Tablets 600mg – Tablet surface sticking issue resolved by change in DT limit from 10min to 20min & Product AQL acceptance criteria.
- Dosulepin Tablets 75mg - Tablets Coating Peel off issue resolved by Change in coating material base from HPMC to PVA.
- Omega - 3 acid capsules 1g & Dutasteride capsules 0.5mg - Dried Capsules nesting issue resolved by Change in hardness limit & lubricating oil composition [MCT + Lecithin] implemented to control the clumping issue.

At Oral Dosage facility – Puducherry

a) Launching of products in AUS / UK market

- Ibuprofen lysine tablets 342 mg
- Dipyridamole with Aspirin SR capsules 200 mg & 25 mg.
- Mirtazapine Tablets 15 mg, 30 mg & 45 mg.
- Mirtazapine ODT tablets 15 mg, 30 mg & 45 mg.
- Ibuprofen ER tablets 300 mg – 3 VB (1500 kg) executed for filing – UK
- Pregabalin Capsules 25 mg, 75 mg, 150 mg & 300 mg

b) Commercial launches for US market are achieved to have the higher share in regulated market.

- Cinacalcet Tablets 30 mg, 60 mg & 90 mg.
- Ketoconazole Tablets USP 200mg
- Gabapentin Capsules USP 100mg/300mg/400mg
- Ibuprofen Tablets 200 mg (Nuprin)

- Acetazolamide Tablets 250 mg batch size increased from 480 kg to 700 kg.
- c) Improved the productivity of 5 products by resolving / reducing the sticking frequency for overall efficiency
 - Gabapentin Tablets 600mg (ACI) – Compression RPM increased from 22 RPM to 35 RPM. (batch run time reduced to 40%)
 - Ibuprofen Tablets 600 mg & 800 mg – sticking issue resolved.
 - Ibuprofen tablets 200 mg (Arrow) – sticking issue resolved. (batch run time reduced from 18 shifts to 9 shifts)

Ibuprofen Tablets 200 mg (Nuprin) – Sticking issue resolved

At Oral Dosage facility – Alathur

(i) New Product Launch for commercial market completed by TAG

- Ibuprofen Tablets USP, 400 mg
- Ibuprofen Tablets USP, 600 mg
- Ibuprofen Tablets USP, 800 mg
- Gabapentin Tablets USP, 800 mg
- Clindamycin Hydrochloride Capsules 25 mg
- Clindamycin Hydrochloride Tablets 75mg
- Clindamycin Hydrochloride Capsules 150 mg
- Clindamycin Hydrochloride Capsules 300 mg

(ii) Improvement in Productivity

- ANDA/CBE- 30 approval received for Solifenacin Tablets, Gabapentin Tablets, Gabapentin Capsule, Clindamycin Capsule and Ibuprofen Tablets.
- Improved the productivity of Amlodipine Besylate Tablets 2.5 mg, 5 mg and 10 mg by increasing the Batch size.
- Improved the productivity of Losartan Potassium Tablets 25 mg, 50 mg and 100 mg by increasing batch size.
- Improved the Productivity of Ibuprofen Tablets 400 mg, 600 mg and 800 mg by increasing batch size.

- Improved the Productivity of Coating of Ibuprofen Tablets 400 mg, 600 mg and 800 mg by increased lot size and decreased number of Lots.
- Improved productivity of Amlodipine Besylate Tablets and Ibuprofen Tablets by validating in all compression and coating machine.
- Implemented change in Packing (additional cotton) activity of Modafinil Tablets 200 mg to decrease the broken Tablets.

Product Improvement

- Revision of Losartan 100 mg Hardness through trial and validation batches completed successfully.

(iii) In case of import technology (imported during the last year), the year of import whether the technology has been fully absorbed:

- e) 4th Sachet Form -fill- sealing line from Mespack commissioned in KRSG to improve Sachets packaging installed capacity to 100 Mn / annum.
- f) High accuracy 100% onlinecheck weigher for sachets is commissioned to detect and reject sachets having low /high fill weights from new mespack line in KRSG

- g) High end compression machine from Sejong , Korea commissioned in Alathur site to improve installed capacity by 500 Mn /annum
- h) Installed ICPMS , HRMS , pXRD and LCMS to improve inhouse testing capabilities in R&D and QC labs

Expenditure on R&D:

| Particulars | ₹ in Million | |
|--------------|----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Capital | 82.85 | 206.15 |
| Revenue | 910.13 | 1,217.45 |
| Total | 992.98 | 1,423.60 |

Total Foreign Exchange Earned and Used

| Particulars | ₹ in Million | |
|--|---------------------------|--|
| | Year ended March 31, 2020 | |
| Foreign exchange earned in terms of actual inflows | 17,382.95 | |
| Foreign exchange outgo in terms of actual outflows | 5,149.32 | |

For and on-behalf of the Board of Directors

Date: May 20, 2020
Place: Bengaluru

Dr. R Ananthanarayanan
Managing Director & CEO
DIN: 02231540

Badree Komandur
Executive Director – Finance & Group CFO
DIN: 07803242

Corporate Governance Report

In compliance with provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the Company submits the Corporate Governance Report for the year ended March 31, 2020.

1. Corporate Governance at Strides

At Strides, we are guided by our values **Integrity, Collaboration and Efficiency ("ICE")** in everything we do.

Living our Values



ICE
Integrity Collaboration Efficiency

We will follow the right practices and do the right thing

We will work together, understanding and supporting each other

We will do everything to deliver quicker, better results

We want to continue to be a leading Indian pharmaceutical company with a reputation for the highest quality and integrity. At Strides we have a strong track record of compliance **integrity** and ethical standards. It continues to be our guiding principle in everyday conduct.

Being a global and multidisciplinary organisation, we want to harness the power of great teamwork. This cross-functional **collaboration**, is what we call the power of 'One Strides'. It binds us together.

We will remain a globally competitive company by optimising our capacity and by being the best in what we do. Being right the first time and harnessing our resources to deliver best results is an attribute enshrined in our third value, **efficiency**. At Strides, it's our way of life.

Our values are the foundation on which we build our business and our culture. They inculcate trust and a strong relationship with all our stakeholders, and help us execute our commitment to the 3Ps-

our Patients who depend on us; our People who are our biggest assets; and our Purpose of making a difference to healthcare and society.

At Strides, we are committed to compliance with the best standards of Corporate Governance.

2 The Board of Directors

The Company is headed by an effective Board of Directors ('the Board'), which is entrusted to guide and oversee the management and performance of the Company with the ultimate responsibility to protect the interests of shareholders, employees and the other stakeholders.

We believe that our Board has an appropriate mix of Executive and Non-Executive Directors to maintain its independency and to separate its function of governance and management. The Board possesses an optimal mix of professionalism, knowledge and experience.

2.1 Board Composition

As on the date of this Report, the Board comprises of Eight Directors – Two Executive Directors and Six Non-Executive Directors, of which Four are Independent Directors.

Change in Board Composition from April 1, 2019 to the date of this report is as under:

1. Dr. R Ananthanarayanan was appointed as Managing Director & Chief Executive Officer effective January 9, 2020, for a period of 5

years, subject to approval of the Members of the Company. Further, he was also appointed as a Key Managerial Personnel effective January 9, 2020.

2. Mr. Arun Kumar was re-designated as Executive Director effective January 9, 2020.

Further, effective April 1, 2020, Mr. Arun Kumar was re-designated as Non-Executive Director and Chairperson of the Board.

3. Effective April 1, 2020, Mr. Deepak Vaidya stepped down from the position of Chairperson of Board. However, he continues to be the Non-Executive Director of the Company.

4. Ms. Sangita Reddy, Independent Director, stepped down from the Board of Directors of the Company on July 30, 2019.

5. Dr. Kausalya Santhanam was appointed as an Independent Director effective December 11, 2019 for a period of 5 years, subject to approval of Members of the Company.

There was a delay in appointment of Woman Independent Director during the period under review. While the Company had commenced efforts to fill up the vacancy immediately on its occurrence, given the qualification, expertise and industry specific knowledge required for the position, the process took more time than expected.

Board and Committee Composition as at March 31, 2020 is as under:

| Name of the Director | Category | Board | Audit Committee | Nomination and Remuneration Committee | Stakeholder Relationship Committee | CSR Committee | Risk Management Committee* |
|------------------------|--|-------|-----------------|---------------------------------------|------------------------------------|---------------|----------------------------|
| Deepak Vaidya | Non-Executive Director | ♣ | ✓ | ✓ | ♣ | ✓ | - |
| S Sridhar | Independent Director | ✓ | ♣ | ✓ | ✓ | - | ✓ |
| Bharat Shah | Independent Director | ✓ | ✓ | ♣ | ✓ | - | ✓ |
| Homi Rustam Khusrokhan | Independent Director | ✓ | ✓ | ✓ | - | ✓ | ♣ |
| Dr. Kausalya Santhanam | Independent Director | ✓ | ✓ | ✓ | - | ♣ | - |
| Arun Kumar | Executive Director | ✓ | - | - | ✓ | ✓ | - |
| Dr. R Ananthanarayanan | Managing Director & CEO | ✓ | - | - | ✓ | - | ✓ |
| Badree Komandur | Executive Director – Finance and Group CFO | ✓ | - | - | - | - | ✓ |

♣ - Chairperson of the Board/ Committee | ✓ - Member

*Other members of the Risk Management Committee are:

Ramaraju PVS, Chief Quality Officer | Umesh Kale, Chief of Quality Services | Sormistha Ghosh, General Counsel and Chief Risk Officer

The details of each member of the Board as at the date of this Report is as under:

Arun Kumar

Designation Chairperson of Board & Non-Executive Director
Original date of appointment June 28, 1990
Shareholding 13,70,797 (1.530%)

Board Membership – Indian Listed Companies and category of Directorship

| # | Name of the Company | Designation |
|---|--------------------------------|---|
| 1 | Strides Pharma Science Limited | Chairperson of Board & Non-Executive Director |

Number of Board Membership – Other Indian Companies and Committee details as per Regulation 26 of Listing Regulations

| | |
|----------------------------|---|
| Number of Board Membership | 0 |
| Number of Membership | 1 |
| Number of Chairmanship | 0 |

Areas of expertise

Management & Leadership Experience

Functional & Managerial Experience

Pharma Business

Corporate Governance

Personal Values

Profile available at <http://strides.com/corporate-board.html>

Deepak Vaidya

Designation Non-Executive Director
Original date of appointment January 16, 1998
Shareholding 182,000 (0.203%)

Board Membership – Indian Listed Companies and category of Directorship

| # | Name of the Company | Designation |
|---|--|--|
| 1 | Strides Pharma Science Limited | Non-Executive Director |
| 2 | Solara Active Pharma Sciences Limited | Non-Executive Director & Chairperson |
| 3 | Indraprastha Medical Corporation Limited | Independent Director |
| 4 | Bombay Oxygen Investments Limited | Non-Executive Independent Director |
| 5 | Spandana Sphoorthy Financial Limited | Non - Executive Independent Director & Chairperson |

Number of Board Membership – Other Indian Companies and Committee details as per Regulation 26 of Listing Regulations

| | |
|----------------------------|---|
| Number of Board Membership | 6 |
| Number of Membership | 1 |
| Number of Chairmanship | 0 |

Areas of expertise

Management & Leadership Experience

Functional & Managerial Experience

Pharma Business

Corporate Governance

Personal Values

Profile available at <http://strides.com/corporate-board.html>

S Sridhar

Designation Independent Director
Original date of appointment July 27, 2012
Shareholding 48,750 (0.054%)

Board Membership – Indian Listed Companies and category of Directorship

| # | Name of the Company | Designation |
|---|---|----------------------|
| 1 | Strides Pharma Science Limited | Independent Director |
| 2 | Jubilant Life Sciences Limited | Independent Director |
| 3 | DCB Bank Limited | Independent Director |
| 4 | Shriram Transport Finance Company Limited | Independent Director |

Number of Board Membership – Other Indian Companies and Committee details as per Regulation 26 of Listing Regulations

| | |
|----------------------------|---|
| Number of Board Membership | 8 |
| Number of Membership | 7 |
| Number of Chairmanship | 5 |

Areas of expertise

Management & Leadership Experience

Functional & Managerial Experience

Corporate Governance

Personal Values

Profile available at <http://strides.com/corporate-board.html>

Bharat Shah

Designation Independent Director
Original date of appointment July 25, 2014
Shareholding 96,424 (0.107%)

Board Membership – Indian Listed Companies and category of Directorship

| # | Name of the Company | Designation |
|---|---------------------------------------|--------------------------------------|
| 1 | Strides Pharma Science Limited | Non-Executive Independent Director |
| 2 | 3M India Limited | Non-Executive Independent & Chairman |
| 3 | Exide Industries Limited | Non-Executive Independent & Chairman |
| 4 | Mahindra Lifespace Developers Limited | Non-Executive Independent Director |
| 5 | Spandana Sphoorthy Financial Limited | Non-Executive Independent Director |

Number of Board Membership – Other Indian Companies and Committee details as per Regulation 26 of Listing Regulations

| | |
|----------------------------|---|
| Number of Board Membership | 6 |
| Number of Membership | 8 |
| Number of Chairmanship | 1 |

Areas of expertise

Management & Leadership Experience

Functional & Managerial Experience

Pharma Business

Corporate Governance

Personal Values

Profile available at <http://strides.com/corporate-board.html>

Homi Rustam Khusrokhani

| | |
|-------------------------------------|----------------------|
| Designation | Independent Director |
| Original date of appointment | May 18, 2017 |
| Shareholding | Nil |

Board Membership – Indian Listed Companies and category of Directorship

| # | Name of the Company | Designation |
|---|--------------------------------|----------------------|
| 1 | Strides Pharma Science Limited | Independent Director |
| 2 | Neuland Laboratories Limited | Independent Director |

Number of Board Membership – Other Indian Companies and Committee details as per Regulation 26 of Listing Regulations

| | |
|----------------------------|---|
| Number of Board Membership | 2 |
| Number of Membership | 3 |
| Number of Chairmanship | 2 |

Areas of expertise



Management & Leadership Experience



Functional & Managerial Experience



Pharma Business



Corporate Governance



Personal Values

Profile available at <http://strides.com/corporate-board.html>

Dr. Kausalya Santhanam

| | |
|-------------------------------------|----------------------|
| Designation | Independent Director |
| Original date of appointment | December 11, 2019 |
| Shareholding | 1,003 (0.00%) |

Board Membership – Indian Listed Companies and category of Directorship

| # | Name of the Company | Designation |
|---|---------------------------------------|----------------------|
| 1 | Strides Pharma Science Limited | Independent Director |
| 2 | Sequent Scientific Limited | Independent Director |
| 3 | Solara Active Pharma Sciences Limited | Independent Director |

Number of Board Membership – Other Indian Companies and Committee details as per Regulation 26 of Listing Regulations

| | |
|----------------------------|---|
| Number of Board Membership | 0 |
| Number of Membership | 5 |
| Number of Chairmanship | 1 |

Areas of expertise



Management & Leadership Experience



Functional & Managerial Experience



Pharma Business



Corporate Governance



Personal Values

Profile available at <http://strides.com/corporate-board.html>

Dr. R Ananthanarayanan

| | |
|-------------------------------------|-------------------------|
| Designation | Managing Director & CEO |
| Original date of appointment | January 9, 2020 |
| Shareholding | Nil |

Board Membership – Indian Listed Companies and category of Directorship

| # | Name of the Company | Designation |
|---|--------------------------------|-------------------------|
| 1 | Strides Pharma Science Limited | Managing Director & CEO |

Number of Board Membership – Other Indian Companies and Committee details as per Regulation 26 of Listing Regulations

| | |
|----------------------------|---|
| Number of Board Membership | 0 |
| Number of Membership | 1 |
| Number of Chairmanship | 0 |

Areas of expertise



Management & Leadership Experience



Functional & Managerial Experience



Pharma Business



Corporate Governance



Personal Values

Profile available at <http://strides.com/corporate-board.html>

Badree Komandur

| | |
|-------------------------------------|--|
| Designation | Executive Director – Finance and Group CFO |
| Original date of appointment | May 18, 2017 |
| Shareholding | Nil |

Board Membership – Indian Listed Companies and category of Directorship

| # | Name of the Company | Designation |
|---|--------------------------------|--|
| 1 | Strides Pharma Science Limited | Executive Director – Finance and Group CFO |

Number of Board Membership – Other Indian Companies and Committee details as per Regulation 26 of Listing Regulations

| | |
|----------------------------|------|
| Number of Board Membership | None |
| Number of Membership | |
| Number of Chairmanship | |

Areas of expertise



Management & Leadership Experience



Functional & Managerial Experience



Pharma Business



Corporate Governance



Personal Values

Profile available at <http://strides.com/corporate-board.html>

Note:

1. While considering the total number of directorships, the directorship in Public Companies and Private Companies and Alternate Directorships (including Nominee Directorship) are considered. Directorships in Foreign Companies and Section 8 Companies, if any, have been excluded.
2. Further, position held in the Company as Director and Member/ or Chairperson of Committee is included above.
3. None of the Directors is a member of the Board of more than twenty companies or a member of more than ten Board-level Committees or Chairperson of more than five Committees across all listed/ public entities.
4. None of the Independent Directors serve as an Independent Director on more than seven listed entities.
5. In accordance with the provisions of Listing Regulations, while considering the position held as Member/ Chairperson in Committees, only Audit Committee and Stakeholder Relationship Committee are considered.
6. Committee membership in all public limited companies, whether listed or not, is included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 are excluded.
7. None of the Directors are related to any other Director.
8. During the year under review there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors/ Independent Directors, other than the related party transactions which are reported as part of the financials.
9. The Company has not issued any convertible instruments. Accordingly, the Directors do not hold such instruments in the Company.
10. Mr. Gopalakrishnaraj of M/s. Gopalakrishnaraj H H & Associates, Company Secretaries, has issued a certificate as required under the Listing Regulations confirming that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority. The certificate is enclosed as **Annexure CG – 1** to this Report.

2.2 Appointment, Re-appointment & Retirement by Rotation of Directors

Proposal for appointment and re-appointment of the following personnel as Director shall be placed before Members of the Company at the ensuing Annual General Meeting (AGM)

- 1) Re-Appointment of Mr. Arun Kumar, retiring director, as Non-Executive Director of the Company;
- 2) Appointment of Dr. Kausalya Santhanam as an Independent Director of the Company for a period of 5 years effective December 11, 2019;
- 3) Appointment of Dr. R Ananthanarayanan as the Managing Director & Chief Executive Officer of the Company for a period of 5 years effective January 9, 2020;
- 4) Re-appointment of Mr. Badree Komandur as the Executive Director – Finance & Group CFO of the Company for a further period of 3 years effective May 18, 2020;

Your Directors recommend their appointment/ re-appointment to the Board.

2.3 Induction & Familiarisation programs for Board Members

Your Company has a defined Familiarisation Programme for its Directors which aims to provide insights to the newly inducted Directors about the Company, its operations, business and also to update the Directors on a continual basis.

On being appointed to the Board, each Director undergoes a comprehensive induction programme and are provided with an induction kit which includes details about the Company, its business profile & group structure, investor engagements undertaken by the Company during the year, Board and Audit Governance process, profile of other Board Members, profile of the Senior Management Team, Strides' Code of Conduct, Strides' Insider Trading Code, financial results of the Company for past one year, Board Committee Charters and Key Policies of the Company amongst others.

Further, as part of Continual Familiarisation Programme, Executive Directors & Senior Management Team updates the Board periodically to familiarise the Non-Executive Directors with the strategy, operations and functions of the Company. They are also provided with key regulatory updates which impact Company/ Directors functioning.

Policy on Familiarisation Programme for Non-Executive Directors is uploaded on the website of the Company at <http://www.strides.com/investor-committeboard.html>

2.4 Key Board skills/ expertise/ competence of the Board of Directors

The Board of Directors are collectively responsible for selection of a Member on the Board. The Nomination and Remuneration Committee of the Company follows a defined criteria for identifying, screening, recruiting and recommending candidates for election as a Director on the Board.

Board of Directors of the Company have regrouped the areas of expertise to ensure comprehensive coverage. The revised skill matrix identified by the Board are listed below. These skills/ competencies are broad-based, encompassing several areas of expertise and experience.

Each Director may possess varied combinations of skills/ experience within the described set of parameters and it is not necessary that all Directors possess all skills/ experience listed therein.

| Area of Expertise | Remarks |
|--------------------------------------|--|
| Management and Leadership Experience | Strong management and leadership experience including in areas of business development, strategic planning and mergers and acquisitions, ideally with major corporates with successful multinational operations in manufacturing, international business, scientific research and development, senior level government experience and academic background. |
| Functional and Managerial Experience | Knowledge and skills in accounting and finance, business judgment, general management practices and processes, crisis response and management, industry knowledge, macro-economic perspectives, human resources, labour laws, international markets, sales and marketing, and risk management. |
| Pharma Business | Understanding of global business dynamics, across various geographical markets, industry verticals and regulatory jurisdictions. |

| Area of Expertise | Remarks |
|----------------------|--|
| Corporate Governance | Developing governance practices, serving the best interest of all stakeholders, maintaining board and management accountability, building long term effective stakeholder engagements and driving corporate ethics and values. |
| Personal Values | Personal characteristics matching the company's values. Viz., Integrity, Collaboration and Efficiency. |

Mapping of Directors' skills/ expertise/ competence in line with the above criteria has been provided in Item 2.1 above.

2.5 Board Meetings

With a view to leverage technology, the Company has adopted digital meetings platform for its Board and Committee meetings, which can be accessed through web version, iOS and Android based application.

Board/ Committee Agenda and related notes are made available to the Directors through this application which meets high standards of security and integrity that is required for storage and transmission of Board/ Committee related documents in electronic form.

Quarterly Board meetings are pre-scheduled, and a tentative annual calendar of such Board meetings is agreed to facilitate the Directors plan their schedules and to ensure meaningful participation.

However, in case of a special and urgent business need, either a Board Meeting is convened at shorter notice or Board's approval is obtained by circulating the resolution, depending on the matter to be transacted.

During the year under review, the Board met 7 times. These meetings were held on May 10, 2019, July 29, 2019, September 20, 2019, October 25, 2019, January 8, 2020, January 30, 2020 – 2 Board Meetings.

Attendance of Directors at the Board Meeting is as under:

| Directors | May 10, 2019 | July 29, 2019 | September 20, 2019 | October 25, 2019 | January 8, 2020 | January 30, 2020 (1 st Meeting) | January 30, 2020 (2 nd Meeting) |
|--------------------------|--------------|---------------|--------------------|------------------|-----------------|--|--|
| Deepak Vaidya | ✓ | ✓ | VC | ✓ | ✓ | ✓ | ✓ |
| S Sridhar | ✓ | ✓ | VC | ✓ | ✓ | ✓ | ✓ |
| Bharat Shah | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Homi Rustam Khusrokhani | ✓ | LOA | VC | ✓ | ✓ | ✓ | ✓ |
| Dr. Kausalya Santhanam* | NA | NA | NA | NA | ✓ | ✓ | ✓ |
| Arun Kumar | ✓ | ✓ | ✓ | ✓ | LOA | ✓ | ✓ |
| Dr. R Ananthanarayanan** | NA | NA | NA | NA | NA | ✓ | ✓ |
| Badree Komandur | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Sangita Reddy*** | ✓ | VC | NA | NA | NA | NA | NA |

*Joined the Board effective December 11, 2019 | **Joined the Board effective January 9, 2020 | ***Ceased to be a Director effective July 30, 2019 | ✓ - Present | LOA – Leave of Absence | NA – Not Applicable | VC – Video Conference

2.6 Meetings of Independent Directors

Independent Directors of the Company met on May 10, 2019 to evaluate the performance of the Non-Independent Directors, the Board as a whole along with the performance of various Committees of the Board, performance of the Chairperson of the Board taking into account the views of Executive Directors and Non-Executive Directors.

Independent Directors further discussed various aspects including the quality, quantity and timeliness of the flow of information between the Management and the Board that is necessary for it to effectively and reasonably perform its duties.

2.7 Declaration by Independent Directors

In accordance with Section 149(7) of the Companies Act, 2013 and Regulation 25(8) of the Listing Regulations, each independent director has confirmed to the Company that he or she meets the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of the Listing Regulations as at March 31, 2020.

Board is of the opinion that the Independent Directors fulfil the conditions specified in the above said regulations and are independent of the management.

3 Committees of the Board

Board Committees focus on specific areas and make informed decisions within the authority delegated. Each such Committee is guided by its charter, which defines the composition, scope and powers. The Committees also make specific recommendations to the Board on various matters when required. All observations, recommendations and decisions of the Committees are placed before the Board for information or for approval.

Board has constituted the following Committees as prescribed under the Companies Act, 2013 and SEBI Listing Regulations-

- 1) Audit Committee;
- 2) Nomination and Remuneration Committee (NRC committee);
- 3) Stakeholders' Relationship Committee;
- 4) Corporate Social Responsibility Committee (CSR committee);
- 5) Risk Management Committee

3.1 Attendance of members of Committees at the meetings held during FY 2019-20

| Board Committees | Audit Committee | NRC Committee | Stakeholders' Relationship Committee | CSR Committee | Risk Management Committee# |
|----------------------------|-----------------|---------------|--------------------------------------|---------------|----------------------------|
| Meetings held | 5 | 6 | 4 | 2 | 2 |
| Members' attendance | | | | | |
| Deepak Vaidya | 5 | 6 | 4 | 2 | NA |
| S Sridhar | 5 | 5 | 3 | NA | 2 |
| Bharat Shah | 5 | 6 | 4 | NA | 2 |
| Dr. Kausalya Santhanam* | 1 | 1 | NA | - | NA |
| Homi Rustam Khusrokhani | 4 | 5 | NA | 1 | 2 |
| Arun Kumar | NA | NA | 4 | 2 | NA |
| Dr. R Ananthanarayanan** | NA | NA | 1 | NA | 1 |
| Badree Komandur | NA | NA | NA | 2 | 2 |
| Sangita Reddy*** | 1 | NA | NA | 2 | NA |

*Appointed as follows effective January 9, 2020:

- Member of Audit Committee
- Member of NRC Committee
- Chairperson of CSR Committee

**Appointed as follows effective January 9, 2020:

- Member of Stakeholder Relationship Committee
- Member of Risk Management Committee

***Ceased to be a Member and Chairperson of CSR Committee with effect from July 30, 2019.

*Apart from the Directors, following Members of the Risk Management Committee also attended the Meetings:

1. Ramaraju PVS, Chief Quality Officer – 2 out of 2 meetings held
2. Umesh Kale, Chief of Quality Services – 1 out of 2 meetings held
3. Sormistha Ghosh, General Counsel and Chief Risk Officer – 2 out of 2 meetings held

4 Audit Committee

4.1 Audit Committee Meetings

Committee met 5 times during the period under review i.e., on May 10, 2019, July 29, 2019, September 20, 2019, October 25, 2019 and January 29, 2020. Attendance of members at the Committee Meeting is provided at Item No. 3.1 above.

Meetings of the Audit Committee are also attended by Executive Directors, Statutory Auditors and Internal Auditors.

4.2 Terms of Reference of the Audit Committee

Terms of Reference of the Audit Committee covers the areas mentioned in Section 177 of the Companies Act, 2013 and Regulation 18 read with Part C of Schedule II to the SEBI Listing Regulations.

Terms of reference of the Audit Committee, inter alia, includes the following:

- a) Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

- b) Examination of the Company's financial statements and Auditor's Report on the same.

- c) Discuss and review with the Management and Auditors, the annual/ quarterly financial statements before submission to the Board for approval.

- d) Review of Management Discussion and Analysis of financial condition and results of operations.

- e) Recommend to the Board appointment, re-appointment, removal of the Statutory Auditors, fixation of audit fee and approval for payment for any non-audit services rendered by the Statutory Auditors.

- f) Reviewing and monitoring the auditor's independence & performance and effectiveness of audit process.

- g) Review the appointment, removal and terms of remuneration of the Internal Auditor.

- h) Review on a regular basis the adequacy of internal audit function, the structure of the internal audit department, approval of the

internal audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.

- i) Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- j) Discuss with internal auditors any significant findings and follow up thereon.
- k) Review with Management, Statutory Auditors and Internal Auditors about the adequacy of internal control systems and related matters.
- l) Review of Management letters/ letters of internal control weakness issued by Statutory Auditors/ Internal Auditors.
- m) Review the appointment, removal and terms of remuneration payable to the Cost Auditor.
- n) Evaluation of internal financial controls and risk management systems.
- o) Review and approval of Related Party Transactions.
- p) Reviewing the functioning of the Whistle Blower mechanism.
- q) Review compliance of provisions of Insider Trading Regulations and verify that systems for internal control are adequate and operating effectively, at-least once in a financial year.

In addition, the Committee is also required to discharge such other roles/ functions as envisaged under the Companies Act, 2013 and Listing Regulations.

5 Nomination and Remuneration Committee

5.1 Meetings of the Committee

The Committee met 6 times during the period under review on May 9, 2019, July 29, 2019, August 28, 2019, October 24, 2019, January 8, 2020 and January 30, 2020. Attendance of members at the Committee Meetings is provided at Item No. 3.1 above.

5.2 Terms of Reference of the Committee

Terms of Reference of the NRC Committee covers the areas mentioned in Section 178 of the Act and Regulation 19 read with Part D (A) of Schedule II to the SEBI Listing Regulations.

Terms of reference of the NRC, inter alia, includes the following:

- a) To periodically review the size and composition of the Board to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company as a whole.
- b) To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- c) To formulate a criteria for evaluation of performance of all Independent Directors and the Board.
- d) Committee to carry out evaluation of every Director's performance.
- e) Committee to determine whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
- f) To formulate criteria and evaluate the performance of the statutory committees of the Board viz., Audit Committee, Stakeholders Relationship Committee, Nomination & Remuneration Committee and Corporate Social Responsibility Committee and any other Committee as duly constituted by the Board of Directors.
- g) To devise a policy on Board diversity and assist the Board in ensuring Board nomination process addresses diversity of gender, knowledge, experience, and perspective.
- h) Identify persons who are qualified to become Directors and who may be appointed as Senior Management Personnel (SMP), in accordance with the criteria laid down in the policy.
- i) To recommend to the Board the appointment and removal of Directors and SMP, in accordance with the criteria laid down in the policy.
- j) To recommend to the Board, a policy relating to remuneration of Directors, Key Managerial Personnel (KMP) and SMP.
- k) To recommend to the Board, all remuneration, in whatever form, payable to Senior Management Personnel.
- l) To establish and review plans relating to orderly succession for appointment of the Board, KMP and SMP.
- m) To assist the Board of Directors in the Board's overall responsibilities relating to Employee Stock Options Plans, including the administration of the Company's ESOP and

other incentive plans and the interpretation and adoption of rules for the operation thereof.

- n) To carry out any other function as may be mandated by the Board from time to time and/ or enforced by any statutory notification, amendment or modification, as may be applicable.

5.3 Nomination and Remuneration Policy

The Company has formulated a Nomination and Remuneration Policy for the Board of Directors, Key Managerial Personnel and Senior Management Personnel of the Company which is uploaded on the website of the Company: <http://www.strides.com/investor-committeboard.html>

5.4 Board Evaluation

The NRC Committee has devised a criteria for evaluation of the performance of the Directors including Independent Directors (ID). The said criteria provide certain parameters like attendance, acquaintance with business, interpersonal relations with other directors and management etc., which is in compliance with applicable laws, regulations and guidelines.

Evaluation of performance is carried out once a year and is based on the questionnaire and feedback form which forms part of the Board Evaluation policy of the Company.

Such an evaluation procedure provides a fine system of checks and balances on the performance of the directors and ensures that they exercise their powers in a rational manner.

Details of remuneration paid/ payable to Non-Executive Directors for FY 2019-20 is as under:

| # | Name of the Directors | Sitting fee (₹) | Commission (₹) | Total (₹) |
|--------------|-------------------------|--------------------|------------------|------------------|
| 1 | Deepak Vaidya | 12,00,000/- | 10,00,000 | 22,00,000 |
| 2 | S Sridhar | 12,00,000/- | 10,00,000 | 22,00,000 |
| 3 | Bharat Shah | 12,00,000/- | 10,00,000 | 22,00,000 |
| 4 | Homi Rustam Khusrokhani | 10,00,000/- | 10,00,000 | 20,00,000 |
| 5 | Dr. Kausalya Santhanam | 4,00,000/- | 3,33,333 | 7,33,333 |
| 6 | Sangita Reddy | 3,00,000/- | NA | 3,00,000 |
| Total | | 53,00,000/- | 43,33,333 | 96,33,333 |

Details of remuneration paid to the Independent Directors who were appointed on the Board of Material Subsidiaries during FY 2019-20:

As per Regulation 24 of the Listing Regulations, the Company is required to appoint one of its independent director on the Board of its Material Subsidiaries, whose income or networth exceeds 20% of the consolidated income or networth of the Company in the immediately preceding accounting year.

Strides Pharma Asia Pte. Ltd (SPA) and Strides Pharma Global Pte. Limited (SPG), wholly owned subsidiaries of the Company in Singapore qualified for the above compliance.

Accordingly, the Company nominated one of its Independent Director on the Board of SPA and SPG. Sitting fees paid by each of the Singapore entities is US\$1,500 per quarter.

With an aim to maintain a proactive and effective Board, the NRC is committed to a continuing process of recommending and laying down the criteria to evaluate the performance of the entire Board of the Company.

Chairperson of the NRC Committee in consultation with the members of the Committee carries out the evaluation of Directors and Committees of the Board.

5.5 Details of Remuneration to Directors

Remuneration to Non-Executive Directors

Non-Executive Directors (NED) receive sitting fees of ₹100,000/- each for attending each meeting of the Board and Audit Committee.

Further, as approved by the Shareholders at the Annual General Meeting of the Company held on July 30, 2019, NEDs are also eligible for a commission not exceeding 1% of the net profits of the Company for such financial year, computed in the manner provided in Section 198 of the Companies Act, 2013.

The said commission of 1% of net profits shall be divided amongst the Non-Executive Directors in such proportion as may be determined by the Board of Directors from time to time.

The said commission shall be in addition to the sitting fees paid to them and out-of-pocket expenses incurred for attending meetings of the Board and various Board Committees thereof.

Accordingly, for FY 2019-20, the Board of Directors have recommended a commission of ₹10 Lakh per Non-Executive Director of the Company.

Details of sitting fees paid by the Singapore entities during FY 2019-20 is as under:

| Name of Director | SPA | SPG | Total | Remarks |
|------------------------|-----------|-----------|-----------|---|
| Bharat Shah | US\$4,500 | US\$4,500 | US\$9,000 | Date of Appointment in both the entities was April 1, 2019 Date of resignation in both the entities was January 24, 2020 |
| Dr. Kausalya Santhanam | US\$1,500 | US\$1,500 | US\$3,000 | Date of Appointment in both the entities was January 25, 2020 |

Remuneration to Executive Directors

The Company pays remuneration in combination of fixed and variable component to its Executive Directors. Annual increments are recommended by the Nomination and Remuneration Committee in line with the remuneration approved by Members of the Company.

The Board of Directors, on the recommendation of the NRC Committee, decides the remuneration payable to the Executive Directors out of the profits for the Financial Year and within the ceilings prescribed under the Act.

Details of remuneration paid/ payable to Executive Directors during the Financial Year 2019-20 is as under:

| Particulars | Amount in ₹ | | |
|---|-----------------------|-----------------------|---|
| | Mr. Arun Kumar | Mr. Badree Komandur | Dr. R Ananthanarayanan (from January 9, 2020) |
| Salary and Allowances | 4,88,79,996.00 | 2,32,18,000.00 | 1,25,34,563.00 |
| Employer's contribution to PF including pension | 31,20,000.00 | 14,82,000.00 | 11,75,117.00 |
| Perquisite Value | 84,600.00 | - | 15,800.00 |
| Others | | | |
| a) Annual Bonus/ Performance Linked Payouts | 2,00,00,000.00 | 1,25,00,000.00 | - |
| b) Joining Bonus/ Incentive Payouts | - | - | 9,67,63,473.00* |
| Total | 7,20,84,596.00 | 3,72,00,000.00 | 11,04,88,953.00 |

*Including joining bonus paid to Dr. R Ananthanarayanan of ₹8.38 Crores, which will be amortised over the lock in period of 3 years and balance amount refers to the provision for 19-20 Bonus.

Service Contracts, Notice Period and Severance Fees relating to Executive Directors

Dr. R Ananthanarayanan, Managing Director & CEO: As per the terms of his appointment contract of employment is terminable by six months' notice on either side or payment of six months' salary in lieu of notice by the company, and either party is not bound to give any reasons thereof.

Mr. Badree Komandur, Executive Director – Finance & Group CFO: As per the terms of his appointment, Notice period is three months with no severance fee.

Details of Stock Options held by Directors

The Non-Executive Directors and Mr. Arun Kumar (Promoter Director) do not hold any stock options of the Company.

Mr. Badree Komandur holds stock options under the Strides ESOP 2016 Plan as follows:

| Number of Options granted | Date of Grant | Price per option (₹) | No of Options exercised till date | No of options lapsed | No of outstanding options |
|---------------------------|---------------|----------------------|-----------------------------------|----------------------|---------------------------|
| 1,00,000 | 14 Aug 2017 | 555.18* | Nil | 20,000 | 80,000 |
| 25,000 | 8 Aug 2018 | 301.00 | Nil | NA | 25,000 |

* Originally granted at ₹656.10. Repriced in April 2018 pursuant to demerger of API Business.

6 Stakeholders' Relationship Committee

6.1 Meetings of the Committee

The Committee met 4 times during the period under review i.e. on May 9, 2019, July 29, 2019, October 24, 2019 and January 30, 2020. Attendance of members at the Committee Meeting is provided at Item No. 3.1 above.

6.2 Terms of reference of the Committee

Terms of reference of the Stakeholders' Relationship Committee (SRC) covers the areas mentioned in Section 178 (5) of the Act and Regulation 20 read with Part D (B) of Schedule II to the SEBI Listing Regulations.

Terms of reference of the SRC, inter alia, are as follows:

- To look into various aspects of interest of shareholders and other security holders of the Company.
- To monitor and resolve grievances of securities holders of the Company including but not limited to complaints related to transfer/transmission of shares, issue of new/ duplicate share certificates, non-receipt of annual report, non-receipt of declared dividends, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of various measures and initiatives taken by the Company relating to unclaimed dividends (including reducing the quantum of unclaimed dividend) and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the Company.
- To act as a delegated authority of the Board of Directors to expedite the process of securities

transfers, transmission, transposition, deletion of name of the deceased holder and noting of the same upon completion of the process.

- To act as a delegated authority of the Board of Directors to approve issue of duplicate share certificates/ other certificate of document issued in respect of any other securities of the Company;
- To note the issue of share certificates or any other certificates issued in respect of any securities of the Company, in relation to dematerialisation, re-materialisation, splitting and consolidation of shareholding;
- Printing of share certificates or any other certificate of document issued in respect of any other securities of the Company;
- To seek information from Share Transfer Agent from time to time;
- Carry out any other functions as prescribed under the Act, Listing Regulations and other Applicable Law.

In addition, the Committee is also required to discharge such other roles/ functions as envisaged under the Companies Act, 2013 and Listing Regulations.

6.3 Investor/ Shareholder Complaints

Details of complaints resolved during the period under review is as under:

| # | Description | Opening balance as at April 1, 2019 | No. of complaint received during the year | Disposed during the year | Pending as at March 31, 2020 |
|---|--|-------------------------------------|---|--------------------------|------------------------------|
| 1 | Non-receipt of dividend warrants | 0 | 126 | 126 | 0 |
| 2 | Non-receipt of annual reports | 0 | 32 | 32 | 0 |
| 3 | Non-receipt of securities | 0 | 7 | 7 | 0 |
| 4 | Non-receipt of securities after transfer | 0 | 5 | 5 | 0 |
| 5 | Non-receipt of electronic credits | 0 | 0 | 0 | 0 |
| 6 | Non-receipt of duplicate/ transmission/ deletion of share certificates | 0 | 0 | 0 | 0 |
| 7 | SEBI Complaints (SCORES) | 0 | 1 | 1 | 0 |
| 8 | NSE/ BSE Complaints | 0 | 0 | 0 | 0 |
| 9 | Other Complaints (MCA/ROC) | 0 | 0 | 0 | 0 |
| | Total | 0 | 171 | 171 | 0 |

6.4 Reconciliation of Share Capital Audit

Company conducts a share capital audit on a quarterly basis in accordance with requirements of Securities and Exchange Board of India (Depositories and Participants) Regulations 2018.

The Reconciliation of Share Capital Audit Report obtained from a Practicing Company Secretary, which has been submitted to the Stock Exchanges within the stipulated period, certifies that the equity shares of the Company held in the dematerialised form and in the physical form confirms to the issued and paid up equity share capital of the Company.

6.5 Secretarial Compliance Certificate

As per provisions of the Listing Regulations, the Company has obtained the Secretarial Compliance Certificate on a half yearly basis from a Practising Company Secretary to the effect that all transfers/transmissions of shares are effected within stipulated time. The said certificate has been submitted to the Stock Exchanges within the prescribed time.

6.6 Secretarial Audit

M/s. Gopalkrishnaraj H H & Associates, a firm of Company Secretaries in Practice (Certificate of Practice No: 4152) is the Secretarial Auditor for the Company.

The Secretarial Audit for the FY 2019-20, inter-alia, included audit of compliance with the Companies Act, 2013 (Act), and the Rules made under the Act, SEBI Listing Regulations and applicable Regulations prescribed by SEBI amongst others.

Secretarial Audit Report forms part of the Boards' Report as **Annexure 6** and has an observation regarding delay in appointment of Woman Independent Director within October 31, 2019.

Management wishes to state that the Company had commenced efforts to fill up the vacancy immediately on its occurrence. However, given the qualification, expertise and industry specific knowledge required for the position, the process took more time than expected. Appointment of Woman Independent Director was formalised effective December 11, 2019.

We confirm that currently Company's Board composition is in compliance with the requirements under Companies Act, 2013 and the SEBI Listing Regulations.

7 Corporate Social Responsibility (CSR) Committee

7.1 Committee Meeting Details

The CSR Committee met 2 times during the period under review i.e., on May 10, 2019 and July 29, 2019. Attendance of members at the Committee Meeting is provided at Item No. 3.1 above.

7.2 Terms of Reference of the Committee

Terms of Reference of the CSR Committee, inter alia, includes the following:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy ("CSR Policy") which shall indicate the activities to be undertaken by the Company in areas/ subject as specified in Schedule VII of the Act.
- Recommend the amount of expenditure to be incurred on the CSR Activities.

- Monitor adherence by the Company with the CSR Policy.

At Strides, CSR initiatives help address socio-economic challenges in the realms of Health, Education and Employability.

A detailed report on the CSR activities undertaken during the year, together with its monitoring and spending is annexed to the Board's Report as **Annexure 4**.

8. Risk Management Committee

8.1 Meetings of the Committee

The Committee met 2 times during the period under review on May 9, 2019 and January 30, 2020. Attendance of members at the Committee Meetings is provided at Item No. 3.1 above.

8.2 Terms of Reference of the Committee

Terms of Reference of the Risk Management Committee, inter alia, includes the following:

- To advise the Board in identification and managing the full range of risks the enterprise faces.
- Provide oversight during the design and implementation of a comprehensive risk management framework and common-sense approach to manage risks across the entire organisation.
- Establish and communicate risk vision and philosophy, approve risk strategy and establish risk appetite.
- Review and approve the Enterprise Risk Management framework of company on a periodic basis. The Committee shall review and approve the risk management culture, processes and practices of the company.
- Monitor and review the exposures of the material risks and assess management preparedness to deal with the risk and associated events.
- Review and approve the Enterprise Risk Management (ERM) working plan and utilise risk for the enterprise's competitive advantage.
- Overseeing key risks, including strategic, financial, operational, cyber and compliance risks.
- Oversee and guide the development and implementation of ERM policies, procedures, guidelines.
- Advise the Board on all matters related to ERM. Engage other stakeholders in the risk management process when the need

is identified. Facilitate communication of ERM information.

- Disseminate to the enterprise the upside of risk and the opportunities it can present, rather than the traditional perspective of "risk as hazard".
- Risk Management Committee may form and delegate authority to a sub-committee, which shall assist the Committee to project manage the ERM.
- To carry out any other functions as prescribed under the Listing Regulations and other Applicable Laws.

9. Governance of Subsidiary Companies

Company has in place policy for Governance of Subsidiaries which is drafted in line with the Listing Regulations. Policy is available at <http://www.strides.com/investor-committeboard.html>.

Minutes of the Board Meetings of the subsidiary companies along with the details of significant transactions and arrangements entered into by the subsidiary companies are shared with the Board of Directors on a quarterly basis.

Details of investments, loans and guarantees, if any, made by the subsidiary companies are placed before and reviewed by the Audit Committee of the Company.

10. General Meetings and Postal Ballot

10.1 Annual General Meeting

The Twenty-Eighth Annual General Meeting (AGM) of the Company was held on Tuesday, July 30, 2019 at 11.30 hours IST.

The Meeting was attended by the following Directors of the Company - Mr. Deepak Vaidya, Mr. Arun Kumar, Mr. Badree Komandur, Mr. S Sridhar, Mr. Bharat Shah and Ms. Sangita Reddy.

10.2 General Meetings and Tribunal Convened Meetings held during the preceding three years

Details of the General Meetings and Tribunal Convened Meetings held during the preceding three years and Special Resolutions passed therein are summarised as under:

| AGM/ EGM | Date /Time | Venue | Special Resolutions passed |
|----------------------------------|--------------------------------|---|---|
| AGM for FY ending March 31, 2019 | July 30, 2019 at 11.30 AM | Hotel Four Points by Sheraton, Plot No. - 39/1, 6 to 15, Sector - 30A, Vashi, Navi Mumbai - 400 701 | 1) Re-appointment of Mr. S Sridhar as Independent Director of the Company till the conclusion of 33rd AGM 2) Approval for the continuation of Directorship of Mr. Deepak Vaidya as Non-Executive Director 3) Amendment to Strides Employee Stock Option Plan 2016 4) Payment of commission to Non-Executive Directors of the Company |
| AGM for FY ending March 31, 2018 | September 24, 2018 at 12.15 PM | Hotel Four Points by Sheraton, Plot No. - 39/1, 6 to 15, Sector - 30A, Vashi, Navi Mumbai - 400 701 | 1) Appointment of Mr. Arun Kumar as Executive Director of the Company 2) Approval for the continuation of Mr. Homi Rustam Khusrookhan as an Independent Director 3) Approval for grant of loan and continuing of guarantee/ security provided to Stelis Biopharma |
| AGM for FY ending March 31, 2017 | September 15, 2017 at 12.15 PM | Hotel Four Points by Sheraton, Plot No. - 39/1, 6 to 15, Sector - 30A, Vashi, Navi Mumbai - 400 701 | 1) Appointment of Mr. Shashank Sinha as Managing Director 2) Appointment of Mr. Badree Komandur as Executive Director - Finance & Group CFO 3) Amendment of Article 94 of the Articles of Association of the Company relating to retirement of Directors by rotation |

| AGM/ EGM | Date /Time | Venue | Special Resolutions passed |
|-------------------------------|---------------------------------|---|---|
| Tribunal convened Meeting | February 20, 2020 at 12.00 Noon | Hotel Four Points by Sheraton, Plot No. – 39/1, 6 to 15, Sector – 30A, Vashi, Navi Mumbai – 400 701 | Merger of the following three Direct/ Indirect Wholly owned Subsidiaries of Strides Pharma Science with itself. <ul style="list-style-type: none"> • Strides Emerging Markets Limited • Arrow Remedies Private Limited • Fagris Medica Private Limited |
| Tribunal convened Meeting | December 27, 2017 at 12.00 Noon | Hotel Four Points by Sheraton, Plot No. – 39/1, 6 to 15, Sector – 30A, Vashi, Navi Mumbai – 400 701 | Approval of de-merger of the API Business of the Company to Solara Active Pharma Sciences Limited |
| Extraordinary General Meeting | March 27, 2019 at 11.30 AM | Hotel Ritz Carlton, Residency Road, Bengaluru – 560025 | Divestment of Australian Business |

10.3 Postal Ballot/ E-voting

During FY 2019-20, the Company conducted one Postal Ballot to seek approval of the shareholders through a Special Resolution for providing Corporate Guarantee for the borrowing by Stelis Biopharma Private Limited.

Mr. Binoy Chacko, Partner of M/s. Joseph and Chacko LLP, Company Secretaries was appointed as Scrutinizer for conducting the Postal Ballot/ e-voting process in a fair and transparent manner.

Notice of Postal Ballot was dated September 20, 2019 and the consolidated results of the same was announced on November 25, 2019.

| No. of votes polled | Votes Cast in Favor (% to total votes polled) | Votes Cast against (% to total votes polled) | Invalid Votes (% to total votes polled) | Abstained (% to total votes polled) |
|---------------------|--|---|--|--|
| 6,25,65,284 | 4,77,46,651 (76.315%) | 1,48,18,633 (23.685%) | 1,265 (0.002%) | - |

As on the date of this report, there is no proposal to obtain the approval of the members of the Company by way of postal ballot.

10.4 Procedure adopted by the Company for Postal Ballot

The Company dispatches the Postal Ballot Notice, together with the documents accompanying the same to all the Members by email/ registered post/ courier whose names appear in the Register of Members/ list of Beneficial Owners as received from the National Securities Depository Limited (NSDL)/ Central Depository Services (India) Limited (CDSL) or Registrar and Share Transfer Agent (“KFin Technologies Private Limited”) as on the cut-off date at their respective registered/ last known address.

The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Companies Act, 2013 and applicable Regulations.

Voting rights are reckoned on the number of shares registered as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms, duly completed and signed, to the Scrutinizer on or before the close of the voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting.

In compliance with Sections 108 and 110 and other applicable provisions of the Companies Act, 2013, read with related Rules, the Company provides electronic voting (e-voting) facility to all its members. The Company engages the services of KFin Technologies Private Limited (“KFinTech/Registrar) for the purpose of providing e-voting facility to all its members. The members have the option to vote either by physical ballot or through e voting.

The Scrutinizer submits his report to the Chairperson, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced by the Chairperson/ authorised officer. The results are also displayed on the Company website, www.strides.com, and also on the website of KFinTech i.e., <https://evoting.karvy.com>, besides being communicated to BSE Limited and the National Stock Exchange of India Limited on which the shares of the Company are listed.

11 Shareholders’ Communication

The Company recognises the importance of two-way communication with shareholders and giving a balanced report of results and progress and responding to questions and issues raised in a timely and consistent manner.

The Company regularly communicates to its stakeholders through multiple channels of communications such as results announcement,

annual report, media releases, and hosting information in Company’s website.

The Company also conducts earnings call between the Senior Management and the Investors post the quarterly Board Meetings, to discuss on the results of the Company and the earning call transcripts are hosted on the Company’s website.

Shareholders seeking information related to their shareholding may contact the Company directly or through KFin Technologies Private Limited, Company’s Registrars and Transfer Agents, details of whom are available on the Company’s website.

The Company ensures that complaints and suggestions of its shareholders are responded to in a timely manner.

11.1 Means of Communication

a) Quarterly, Half yearly and Annual financial results

The quarterly, half yearly and annual results of the Company as approved by the Board of Directors are submitted to the Stock Exchanges where the Company’s shares are listed.

Further, the quarterly, half yearly and annual results of the Company are also published in Financial Express and Lokmat, local vernacular daily.

These are also disseminated through our PR Agency and made available on the Company’s website: www.strides.com.

The Company also conducts earnings calls with analysts and investors and their transcripts are published on the website thereafter.

b) Notice to shareholders relating to transfer of shares in respect of the dividends which has remained unpaid or unclaimed for seven consecutive years to the Investors Education and Protection Fund was published in Business Standard and in the local vernacular daily, Navshakti/ Lokmat.

c) Notice to shareholders relating to the merger of wholly owned subsidiaries of the Company, i.e., Arrow Remedies Private Limited, Fagris Medica Private Limited and Strides Emerging Markets Limited was published in Free Press Journal and in the local vernacular daily, Navshakti.

d) News releases, presentations, etc.:

The Company has established systems and procedures to disseminate relevant information

to its stakeholders including shareholders, analysts, suppliers, customers, employees and the society at large.

Regular updates about the Company in the form of news releases, stock exchange intimations, investor presentations etc., are displayed on the Company’s website.

e) Compliance Filings with Stock Exchanges

All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NSE Electronic Application Processing System and BSE Corporate Compliance & Listing Centre.

f) SEBI Complaints Redress System (SCORES)

Investors’ complaints are also being processed through the centralised web base complaint redressal system of SEBI (SCORES). SCORES enables speedy and effective resolution of complaints filed therein.

g) Website

The primary source of information regarding the operations of the Company is the corporate website: www.strides.com

It contains a separate dedicated section for ‘Shareholders’, ‘Investors’ and ‘Media’ where the latest and updated information about financials/ activities of the Company are available.

The website of the Company also displays official news releases and presentations made to the institutional investors and analysts from time to time.

h) Annual report

The Company’s annual report containing the Board’s Report, Corporate Governance Report, Management Discussion and Analysis (MD&A), Business Responsibility Report, Audited Annual Accounts, Consolidated Financial Statements, Auditors’ Report and other important information is circulated to members and other stakeholders. Annual Reports are also emailed to the shareholders who have registered their email IDs with the Company/ depositories.

Strides’ annual report is also available at www.strides.com.

11.2 General Shareholders Information

11.2.1 Annual General Meeting – FY 2019-20

| | |
|----------------------|--|
| Day/ Date/ Time | Thursday, August 20, 2020 at 15:00 hrs (IST) |
| Mode | Video Conference and Other Audio Visual Means |
| Date of Book closure | Tuesday, July 28, 2020 to Thursday, August 20, 2020 (both days inclusive) |
| E-voting Dates | Commences at 09:00 hrs (IST) on Sunday, August 16, 2020; Ends at 17:00 hrs (IST) on Wednesday, August 19, 2020 |

11.2.2 Financial Calendar for the Financial Year 2020-21

| Financial Reporting for Quarter/ Half Year ended/ Annual | During |
|--|---------------|
| June 30, 2020 | August, 2020 |
| September 30, 2020 | October, 2020 |
| December 31, 2020 | January, 2021 |
| March 31, 2021 | May, 2021 |

11.3 Dividend

11.3.1 Interim Dividend for FY 2019-20

The Board of Directors of the Company in its meeting held on July 29, 2019 declared an interim dividend of ₹12/- per equity share of face value of ₹10/- each, to the Shareholders of the Company as a reward pursuant to closure of the transaction relating to the divestment of the Australian business of the Company. Such amount was paid to the shareholders within statutory timelines.

11.3.2 Final Dividend for FY 2019-20

The Board of Directors of the Company at their meeting held on May 20, 2020 had recommended a dividend of ₹2/- per share on equity share of face value of ₹10/- each for the Financial Year ended March 31, 2020, subject to the approval of the shareholders at the ensuing Annual General Meeting.

Dividend, if approved by shareholders, will be paid within 30 days from the date of approval by the Members.

The Company provides the facility of payment of dividend to the shareholders by directly crediting the dividend amount to the shareholder's bank account and by way of dividend warrants / demand drafts.

Members are requested to register and/or update their core banking details with the Company/ RTA/ Depository Participants, as the case may be, to enable credit of dividend to their bank accounts directly.

| Particulars | Number of shareholders | Number of equity shares |
|--|------------------------|-------------------------|
| Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year | 1,139 | 70,371 |
| Shareholders who approached the Company for transfer of shares from suspense account during the year | 20 | 2,104 |
| Shareholders to whom shares were transferred from the suspense account during the year | 20 | 2,104 |
| Aggregate number of shareholders and shares which were transferred to IEPF as per the MCA Circular | 23 | 289 |
| Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2020 | 1,096 | 67,978 |

To prevent fraudulent encashment of dividend warrants, shareholders are requested to provide their bank account details (if not provided earlier) to the Company/its RTA (if shares held in physical form) or to DPs (if shares held in electronic form), as the case may be, for printing of the same on the dividend warrants / demand drafts.

11.4 Unclaimed Shares Suspense Account

Pursuant to Regulation 39(4) of Listing Regulation read with Schedule VI of the said Regulations, the Company has dematerialised shares which have been returned undelivered by postal authorities and shares lying unclaimed. The dematerialised shares are held in an 'unclaimed suspense account' opened with Karvy Stock Broking Limited.

Any corporate benefits accruing on such shares, viz. bonus shares, split etc., shall also be credited to unclaimed suspense account, for a period of seven years and thereafter shall be transferred by the Company to Investor Education and Protection Fund (IEPF), in accordance with provisions of Section 124(5) and (6) of the Companies Act, 2013 and rules made thereunder.

In accordance with the provisions of the Listing Regulations, the Company reports the following details in respect of equity shares lying in the suspense account.

The voting rights on the shares outstanding in the suspense account as on March 31, 2020 shall remain frozen till the rightful owner claims the shares.

11.5 Unpaid/ Unclaimed Dividends and Shares

In accordance with the provisions of Sections 124 and 125 of Companies Act, 2013 and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules) dividends not encashed/ claimed within seven years from the date of declaration are to be transferred to the IEPF Authority.

IEPF Rules mandate companies to transfer shares of Members whose dividends remain unpaid/ unclaimed for a continuous period of seven years to the demat account of IEPF Authority. The Members whose dividend/ shares are transferred to the IEPF Authority can claim their shares/ dividend from the Authority.

In accordance with the said IEPF Rules and its amendments, the Company had sent notices to

all the Shareholders whose shares were due to be transferred to the IEPF Authority and simultaneously published newspaper advertisements.

In terms of the provisions of IEPF Rules and Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, ₹11,20,750 of unpaid/ unclaimed dividends and 8,454 shares were transferred during the FY 2019-20 to the IEPF including the dividend amounts declared and paid by erstwhile Shasun Pharmaceuticals Limited.

The Company has appointed Ms. Manjula Ramamurthy, Company Secretary as the Nodal Officer of the Company under the provisions of IEPF, the details of which are available on the website of the Company.

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on March 31, 2019 on the Company's website.

11.6 Due date for transfer of unpaid/ unclaimed dividend to IEPF is as follows:

| Financial Year Ending | Type of Dividend | Dividend Rate | Date of declaration | Due date for transfer to IEPF |
|--|------------------|---------------|---------------------|-------------------------------|
| 31 December 2012 | Final | 20% | 10 June 2013 | 16 July 2020 |
| 31 March 2014 | Special | 5000% | 10 December 2013 | 15 January 2021 |
| | Final | 50% | 09 September 2014 | 15 October 2021 |
| 31 March 2015 | Special | 1050% | 07 October 2014 | 12 November 2021 |
| | Final | 30% | 30 July 2015 | 04 September 2022 |
| 31 March 2016 | Final | 40% | 29 July 2016 | 03 September 2023 |
| 31 March 2017 | Final | 45% | 15 September 2017 | 21 October 2024 |
| 31 March 2018 | Final | 20% | 24 September 2018 | 30 October 2025 |
| 31 March 2019 | Final | 30% | 30 July 2019 | 04 September 2026 |
| 31 March 2020 | Interim | 120% | 29 July 2019 | 03 September 2026 |
| Fractional Shares Account* | | | | |
| 27 January 2016 | NA | NA | NA | 03 March 2023 |
| Unclaimed Shares Suspense Account** | | | | |
| 17 August 2016 | NA | NA | NA | 22 September 2023 |

* Arising on account of sale of fractional shares pursuant to merger of Shasun with Strides.

** Pursuant to unclaimed shares considered into Suspense Account as per Listing Regulations.

Due dates for transfer of unpaid/ unclaimed dividends to IEPF relating to erstwhile Shasun Pharmaceuticals Limited which got merged with the Company effective November 19, 2015 is as follows:

| Financial Year Ending | Type of Dividend | Dividend Rate | Date of declaration | Due date for transfer to IEPF |
|-----------------------|------------------|---------------|---------------------|-------------------------------|
| 31 March 2013 | Final | 75% | 02 Aug 2013 | 07 September 2020 |
| 31 March 2014 | Final | 50% | 06 Aug 2014 | 11 September 2021 |
| 31 March 2016 | Interim | 50% | 30 July 2015 | 04 September 2022 |

The Members of the Company, who have not yet encashed their dividend, may write to the Company/ Registrar and Share Transfer Agents immediately.

12 Listing on Stock Exchanges and Stock Codes

The Company has paid listing fees to both the stock exchanges and there is no outstanding payment as on date of this report. Details of the scrip is as under:

The equity shares of the Company is listed on:

| BSE Limited (BSE) | National Stock Exchange of India Limited (NSE) |
|--|---|
| (Stock Code: 532531) | (Stock Code: STAR) |
| Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. | Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051. |

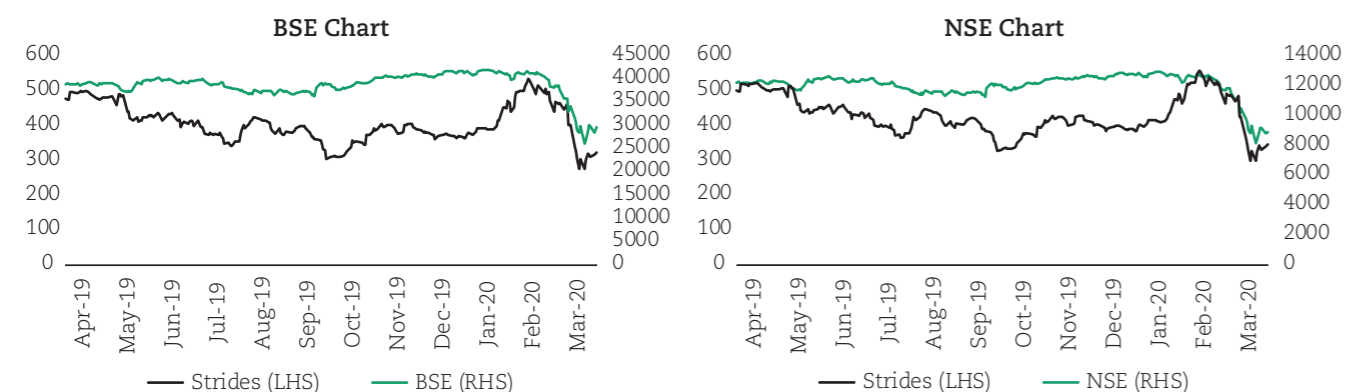
The ISIN of the Company is INE939A01011

13 Market Price Data

The High and Low prices of the shares of the Company at NSE and BSE for the period under review is as under:

| Month | BSE | | | NSE | | |
|-----------------|----------|---------|--------------|----------|---------|----------------|
| | High (₹) | Low (₹) | Volume | High (₹) | Low (₹) | Volume |
| April, 2019 | 507.90 | 465.65 | 13,41,479.00 | 508.05 | 465.25 | 1,82,43,450.00 |
| May, 2019 | 506.00 | 403.00 | 28,97,209.00 | 506.55 | 403.05 | 3,32,03,269.00 |
| June, 2019 | 438.00 | 388.35 | 14,92,263.00 | 439.00 | 388.30 | 1,68,59,745.00 |
| July, 2019 | 413.25 | 337.85 | 30,21,639.00 | 413.60 | 337.55 | 4,04,24,878.00 |
| August, 2019 | 437.25 | 365.70 | 21,96,439.00 | 429.50 | 365.65 | 2,75,30,293.00 |
| September, 2019 | 406.10 | 297.05 | 23,26,196.00 | 406.00 | 298.25 | 2,53,14,315.00 |
| October, 2019 | 395.95 | 288.00 | 24,57,235.00 | 395.80 | 288.00 | 3,37,64,822.00 |
| November, 2019 | 413.85 | 374.75 | 10,52,708.00 | 414.00 | 374.00 | 85,80,460.00 |
| December, 2019 | 390.85 | 355.30 | 16,60,560.00 | 391.00 | 354.75 | 42,43,400.00 |
| January, 2020 | 484.75 | 358.45 | 44,36,665.00 | 484.90 | 358.20 | 1,97,07,033.00 |
| February, 2020 | 547.35 | 425.10 | 24,69,108.00 | 547.65 | 435.15 | 1,17,86,753.00 |
| March, 2020 | 484.80 | 271.00 | 25,37,538.00 | 484.90 | 268.00 | 77,57,908.00 |

14 Performance of Strides Pharma Science Limited Share Price to Broad Based Index (BSE Sensex and NSE Nifty)



15 Share Transfer System

The Company has appointed KFin Technologies Private Limited (Formerly, Karvy Fintech Private Limited), Hyderabad, as its Registrar and Share Transfer Agents (KFintech) to expedite the process of share transfers. All queries and requests relating to share transfers/ transmission may be addressed to KFintech. The share transfers lodged are being processed on a day-to-day basis and Memorandum of Transfers is generated on a fortnightly basis.

16 Distribution of Shareholding as on March 31, 2020

| Slab of Shareholding | No. of Shareholders | % to Total Number of Shareholders | No. of Shares | Amount (₹) | % to paid up capital |
|----------------------|---------------------|-----------------------------------|--------------------|------------------------|----------------------|
| 1 – 5,000 | 69,947 | 95.47 | 47,82,305 | 4,78,23,050.00 | 5.34 |
| 5,001 – 10,000 | 1,657 | 2.26 | 12,59,237 | 1,25,92,370.00 | 1.41 |
| 10,001-20,000 | 791 | 1.08 | 11,52,705 | 1,15,27,050.00 | 1.29 |
| 20,001-30,000 | 255 | 0.35 | 6,35,834 | 63,58,340.00 | 0.71 |
| 30,001-40,000 | 111 | 0.15 | 3,93,630 | 39,36,300.00 | 0.44 |
| 40,001-50,000 | 87 | 0.12 | 4,07,012 | 40,70,120.00 | 0.45 |
| 50,001-1,00,000 | 142 | 0.19 | 10,26,839 | 1,02,68,390.00 | 1.15 |
| 1,00,001 and above | 275 | 0.38 | 7,99,07,902 | 79,90,79,020.00 | 89.22 |
| Total | 73,265 | 100.00 | 8,95,65,464 | 89,56,54,640.00 | 100.00 |

17 Shareholding Pattern as at March 31, 2020

| # | Category | No. of shares held | % to total shareholding |
|----|--|--------------------|-------------------------|
| 1. | Indian Promoters | 2,80,10,081 | 31.27 |
| 2. | Mutual Funds | 1,35,04,067 | 15.08 |
| 3. | Banks, Indian Financial Institutions, Insurance Companies | 33,86,162 | 3.78 |
| 4. | Foreign Institutional Investors/ Foreign Portfolio Investors | 2,57,93,305 | 28.80 |
| 5. | Bodies Corporate & NBFC | 41,59,502 | 4.64 |
| 6. | Non-Resident Indians/ Foreign Nationals/ Overseas Corporate Bodies | 19,24,080 | 2.15 |
| 7. | Qualified Institutional Buyers | 83,410 | 0.09 |
| 8. | Others (including Indian Public, Clearing Members, Trust, etc) | 1,27,04,857 | 14.19 |
| | Total | 8,95,65,464 | 100.00 |

18 Dematerialisation of Shares & Liquidity

The Company's shares are traded in dematerialised form. The Company has established connectivity with both the Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through the Registrar.

As at March 31, 2020, 99.84% of the paid-up share capital of the Company representing 8,94,25,312 shares has been dematerialised and balance 0.16% representing 140,152 shares of the Company is in physical form.

Members who continue to hold shares in physical form are advised to dematerialise their shares at the earliest. Further, in line with the various SEBI circulars, Members are also requested to update their PAN and Bank details. For any clarification, assistance or information – members may contact the Company or KFintech.

19 Employee Stock Options

Statement providing detailed information on stock options granted to Employees under the Company's Employee Stock Option Schemes as required under the SEBI Regulation is annexed to the Board's Report as **Annexure 2**.

20 Manufacturing Facilities as at the date of this report:

| | | | |
|---|---|---|--|
| 1 | Strides Pharma Science Limited KRS Gardens, Suragajakkanahalli, Kasaba Hobli, Anekal Taluk, Bengaluru – 562 106, India | 5 | Strides Pharma Global Pte Ltd, Singapore 3 Tuas South Avenue 4, Singapore – 637610 |
| 2 | Strides Pharma Science Limited PIMS Road, Periyakalpet, Puducherry – 605 014, India | 6 | Strides Pharma Inc 2129 N. Congress Avenue, Riviera Beach, FL 33404 |
| 3 | Strides Emerging Markets Limited #19/1,19/3, Chandapura, Sarjapura, Hobli, Anekal taluk, Bengaluru -560 099, India | 7 | Beltapharm SpA 20095 Cusano ML, Via Stelvio, 66, Italy |
| 4 | Vivimed Life Sciences Private Limited Plot no. 101 to 108, SIDCO Industrial Estate, Alathur Village, Kancheepuram – 603 110, India | 8 | Universal Corporation Limited Club Road, Past Post Office, Plot No. 13777, P.O. Box 1748- 00902, Kikuyu Town, Kenya |

21 Investors Correspondence

| | | |
|---|--|--|
| Registered Office | Corporate Office | Registrars & Share Transfer Agents |
| No. 201, 'Devavrata' Sector 17, Vashi, Navi Mumbai - 400 703 Tel. No. +91-22-2789 2924 Fax No. +91-22-2789 2942 | Strides House, Bilekahalli, Bannerghatta Road, Bengaluru – 560 076 Tel. No.: +91 80 6784 0000/ 0290 Fax No. +91 80 6784 0700 e-mail id: investors@strides.com | KFin Technologies Private Limited, (Formerly Karvy Fintech Private Limited), Karvy Selenium Tower B Plot No. 31 & 32, Financial District Nanakramguda, Serilingampally Mandal Hyderabad – 500032 Tel: +91 40 6716 1500 Fax: +91 40 23420814 E-mail id: raju.sv@kfintech.com |
| Investor Relations Team | Compliance Officer | PR Consultancy |
| Mr. Badree Komandur +91 80 6784 0747 Mr. Sandeep Baid +91 80 6784 0791 Mr. Kannan N +91 98450 54745 | Ms. Manjula Ramamurthy Company Secretary Tel. No.: +91 80 6784 0734 Fax No. +91 80 6784 0700 e-mail id. : manjula.r@strides.com | Fortuna PR K Srinivas Reddy: +91 90005 27213 srinivas@fortunapr.com K Priya: +91 95354 25418 priya@fortunapr.com |
| | | Corporate Communication Dr. Usha Iyer +91 99874 44106 |
| | | Contact Persons: Mr. S.V. Raju, Deputy General Manager/ Mr. Mohan Kumar A, Manager |

The Company's designated email id for investor complaints is investors@strides.com

22 Fee paid by the listed entity and its subsidiaries to the statutory auditor i.e., BSR & Co. LLP, Chartered Accountant, and all entities in the network firm/network entity of which the statutory auditor is a part is ₹3,58,84,040 excluding applicable taxes and out of pocket expenses.

23 Affirmations and Disclosures

- a) The Company has complied with all the mandatory requirements as prescribed under Listing Regulations including regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of Listing Regulations and also a few non-mandatory requirements, as prescribed under Regulation 27(1) of the Listing Regulations like unmodified audit opinion on financial statements and appointment of separate persons to the post of Chairperson and Managing Director.
- b) There are no materially significant related party transactions with its promoters, directors or management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company.

c) The Company has formulated policies for determining material subsidiaries and for transacting with Related Parties, which is uploaded on the website of the Company at <http://www.strides.com/investor-committeboard.html>

All the transactions with related parties are disclosed in Note no. 44 to the standalone financial statements in the Annual Report.

- d) The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on matters relating to capital markets during the last 3 years. No penalties or strictures have been imposed on the Company by the Stock Exchange or SEBI or any statutory authorities relating to the above.
- e) The Company has formulated a Whistle Blower Policy for Directors and Stakeholders of the Company. None of the personnel of the Company has been denied access to the Audit Committee.
- f) The Company is not exposed to any commodity price risk. The details of the Foreign Exchange Risk and Company's hedging activities forms part of the Notes to the Financial Statements.
- g) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

| Particulars | Remarks |
|--|---------|
| a. number of complaints filed during the FY 2019-20 | 01 |
| b. number of complaints disposed off during the FY 2019-20 | 01 |
| c. number of complaints pending as on end of the financial year March 31, 2020 | None |

24 Code of Conduct

Board has adopted Code of Conduct ('Code') for all Board Members and Senior Management personnel of the Company. A copy of the said Code is available on the website of the Company www.strides.com.

The Code provides that members of the Board are required to avoid any interest in contracts entered into by the Company. If such an interest exists, the members are required to make disclosure to the Board and to abstain from discussion, voting or otherwise influencing on any matter in which the concerned Director has or may have such interest.

The Code also restricts the Directors from accepting any gifts or incentives in their capacity as Director of the Company, except what is duly authorised under the Code.

All Board Members and Senior Management Personnel have confirmed compliance with the Code for the period under review.

A declaration to this effect signed by the Managing Director of the Company is attached as **Annexure CG – 2** to this Report.

For and on-behalf of the Board of Directors

Date: May 20, 2020
Place: Bengaluru

Dr. R Ananthanarayanan
Managing Director & CEO
DIN: 02231540

Badree Komandur
Executive Director – Finance & Group CFO
DIN: 07803242

Annexure CG - 1

Certificate of Non-Disqualification of Directors

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

To,
 The Members of
Strides Pharma Science Limited
 (formerly Strides Shasun Limited)
 201, 'Devavrata', Sector 17,
 Vashi, Navi Mumbai – 400 703

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Strides Pharma Science Limited, having CIN L24230MH1990PLC057062 and having Registered Office at 201, 'Devavrata', Sector 17, Vashi, Navi Mumbai – 400 703 and Corporate Office at Strides House, Bilekahalli, Bannerghatta Road, Bengaluru – 560 078 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authorities.

| DIN | Full Name | Designation | Original Date of appointment | Date of Resignation |
|----------|-----------------------------|--|------------------------------|---------------------|
| 00084845 | Mr. Arun Kumar | Non-Executive Director & Chairman of the Board effective April 1, 2020 | 28/06/1990 | - |
| 00337276 | Mr. Deepak Calian Vaidya | Non-Executive Director | 16/01/1998 | - |
| 00004272 | Mr. S Sridhar | Independent Director | 27/07/2012 | - |
| 00136969 | Mr. Bharat Dirajlal Shah | Independent Director | 25/07/2014 | - |
| 00005085 | Mr. Homi Rustam Khusrokhhan | Independent Director | 18/05/2017 | - |
| 06999168 | Ms. Kausalya Santhanam | Additional Director - Independent | 11/12/2019 | - |
| 02231540 | Dr. R Ananthanarayanan | Managing Director & CEO | 09/01/2020 | - |
| 07803242 | Mr. Badree Komandur | Executive Director - Finance & Group CFO | 18/05/2017 | - |
| 00006285 | Ms. Sangita Reddy | Independent Director | 07/02/2014 | 30/07/2019 |

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

For Gopalakrishnaraj H H & Associates
 Company Secretaries

Gopalakrishnaraj H H
 Proprietor
 CP 4152; FCS 5654
 UDIN:F005654B000254641

Place: Bengaluru
 Date: June 16, 2020

Annexure CG - 2

Declaration of Compliance with the Code of Conduct

I hereby confirm that:

the Company has obtained from all the members of the Board and Senior Management Personnel, affirmations that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended March 31, 2020.

Place: Bengaluru
 Date: May 20, 2020

Dr. R Ananthanarayanan
 Managing Director & CEO
 DIN: 02231540

Independent auditors' report on Corporate Governance

To
The Members of Strides Pharma Science Limited

The report is issued in accordance with the terms of our engagement letter dated 24 June 2019.

We have examined the compliance of conditions of Corporate Governance by Strides Pharma Science Limited ('the Company'), for the year ended 31 March 2020, as per Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ["Listing Regulations"].

Management's Responsibility

The Company's Management is responsible for compliance of conditions of Corporate Governance requirements as stipulated under the Listing Regulations. This responsibility includes the design, implementation and maintenance of corporate governance process relevant to the compliance of the conditions. Responsibility also includes collecting, collating and validating data and designing, implementing and monitoring of Corporate Governance process suitable for ensuring compliance with the above mentioned Listing Regulations.

Auditor's Responsibility

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

Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2020.

We conducted our examination of the corporate governance compliance by the Company as per the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), Guidance Note on Certification of Corporate Governance both issued by the Institute of Chartered Accountants of India ("ICAI") and the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate. The Guidance Note requires

that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Basis for Qualified Opinion

Attention is drawn to note 2.1 of the Corporate Governance report, wherein Management has mentioned that there was a delay in filling the vacancy of one woman Independent Director within the time limit prescribed under Listing Regulations and the Companies (Appointment and Qualifications of Directors) Rules, 2014.

Qualified Opinion

Based on the procedures performed and the evidence obtained, except for the effect of the matter described in the Basis for Qualified Opinion section of our report, the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

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

Restriction on Use

This report has been solely issued for the purpose of complying with the aforesaid Listing Regulations and may not be suitable for any other purpose. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

for **B S R & Co. LLP**
 Chartered Accountants
 Firm registration number: 101248W/W - 100022

Sampad Guha Thakurta
 Partner

Date: 24 July 2020
 Place: Bengaluru

Membership Number: 060573
 UDIN Number:
 20060573AAAACX4927

Business Responsibility Report

Section A: General Information About The Company

| # | Description | |
|-----|---|---|
| 1. | Corporate Identity Number (CIN) of the Company | L24230MH1990PLC057062 |
| 2. | Name of the Company | Strides Pharma Science Limited (Formerly Strides Shasun Limited) |
| 3. | Registered Address | 201, Devavrata, Sector 17, Vashi, Navi Mumbai – 400 703. |
| 4. | Website | www.strides.com |
| 5. | E-mail id | investors@strides.com |
| 6. | Financial Year reported | 2019-20 |
| 7. | Sector that the Company is engaged in (industrial activity code-wise) | Pharmaceutical |
| 8. | List three key products/services that the Company manufacture/provide (as in balance sheet) | 1. Ibuprofen Tablets 2. Ranitidine Tablets 3. Bupirone Tablets |
| 9. | Total number of locations where business activity is undertaken by the Company | |
| | Number of international locations | Singapore, USA, Canada, Europe, Africa • Four manufacturing facilities – in Europe, Singapore, USA and Africa |
| | Number of national locations | Registered Office: Vashi, Navi Mumbai, Maharashtra Corporate Office: Bengaluru, Karnataka Facilities: • Suragajakkanahalli, Bengaluru, Karnataka • Chandapura, Bengaluru, Karnataka • PIMS Road, Periyakalpet, Puducherry • Alathur, Kancheepuram R&D Center at Bengaluru, Karnataka |
| 10. | Markets served by the Company – Local/State/National/International | The Company has a strong commercial footprint in more than 100 countries. |

Section B: Financial Details Of The Company

| # | Description | |
|----|---|--|
| 1. | Paid-Up Capital – FY 2019-20 | ₹89.565 Crores |
| 2. | Total Turnover | ₹17,743.13 Million |
| 3. | Total profit after taxes | ₹1,116.99 Million |
| 4. | Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | 2% of the average net profit of the last three years – ₹21.80 Million |
| 5. | List of activities in which expenditure in 4 above has been incurred | Areas in which the Company has spent under CSR: • Health & Hygiene, • Education, • Employability A detailed report on CSR initiatives forms part of the Board's' Report as Annexure 4 . |

Section C: Other Details

| # | Description | |
|----|--|--|
| 1. | Does the Company have any Subsidiary company/companies | The Company has in aggregate 54 entities in its group, comprising of 41 subsidiaries, 1 JV and 12 Associates, a list of which is provided in Annexure 1 of Board's Report. The Company's Business Responsibility initiatives were not extended to its subsidiaries, JVs and associates during the reporting period. |
| 2. | Do the subsidiary company/companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company/companies | In due course, the Company intends to extend its sustainability policies and initiatives beyond its boundaries and spread awareness among its several stakeholders. |
| 3. | Do any other entity/entities (e.g. suppliers, distributors, among others) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] | |

Section D: BR Information

1. Details of Director/Directors responsible for BR

a. Details of the Director/Directors responsible for the implementation of the BR policy/policies:

| | | |
|----|-------------|--|
| 1. | DIN Number | 07803242 |
| 2. | Name | Badree Komandur |
| 3. | Designation | Executive Director – Finance & Group CFO |

Note: Consequent to Dr. R Ananthanarayanan's appointment on Board as Managing Director & CEO effective January 9, 2020, he has also been appointed as the Director responsible for the Business Responsibility Report effective April 1, 2020.

b. Details of the BR head

| | | |
|----|------------------|--------------------------|
| 1. | DIN Number | Not Applicable |
| 2. | Name | Mr. Ramaraju PVS |
| 3. | Designation | Chief Quality Officer |
| 4. | Telephone number | +91 80 6784 0290 |
| 5. | E-mail id | ramaraju.pvs@strides.com |

Principle-wise (as per NVGs) BR policy/policies

c. Details of compliance (Reply in Y/N)

| # | Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|-----|--|--|-----|-----|-----|-----|-----|-----|-----|-----|
| 1. | Do you have a policy/policies for... ? | Y | Y | Y | Y | Y | Y | NA | Y | Y |
| 2. | Has the policy been formulated in consultation with relevant stakeholders? | Y | Y | Y | Y | Y | Y | NA | Y | Y |
| 3. | Does the policy conform to any national/international standards? If yes, specify? | The policies are drafted in line with the provisions of the respective laws prevalent in India. | | | | | | | | |
| 4. | Has the policy been approved by the Board? If yes, has it been signed by MD/owner/ CEO/ appropriate Board Director? | The policies are approved by the functional heads, and few of them have been adopted by the Board. | | | | | | | | |
| 5. | Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy? | While few of the policies mandate requirement of a Board Committee, the rest of them are monitored by the management team. | | | | | | | | |
| 6. | Indicate the link for the policy to be viewed online? | Link to the policies, which are available on the website is as under: http://strides.com/investorcommitteboard.html | | | | | | | | |
| 7. | Has the policy been formally communicated to all relevant internal and external stakeholders? | Yes | | | | | | | | |
| 8. | Does the Company have in-house structure to implement the policy/policies? | Yes | | | | | | | | |
| 9. | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? | Yes | | | | | | | | |
| 10. | Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | No | | | | | | | | |

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

| # | Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|----|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 1. | The Company has not understood the Principles | - | - | - | - | - | - | - | - | - |
| 2. | The Company is not at a stage, where it finds itself in a position to formulate and implement the policies on specified principles | - | - | - | - | - | - | - | - | - |
| 3. | The Company does not have financial or manpower resources available for the task | - | - | - | - | - | - | - | - | - |
| 4. | It is planned to be done within the next 6 months | - | - | - | - | - | - | - | - | - |
| 5. | It is planned to be done within the next 1 year | - | - | - | - | - | - | - | - | - |
| 6. | Any other reason (please specify) | - | - | - | - | - | - | - | - | - |

2. Governance related to BR

| # | Description | |
|----|---|--|
| 1. | Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company – within 3 months, 3-6 months, annually, more than 1 year | Annually by the Board of Directors |
| 2. | Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? | This report shall be published annually as a part of the Annual Report which will be available on the Company's website as well. |

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

Strides is a global pharmaceutical Company headquartered in Bengaluru, India. The Company mainly operates in the regulated markets and has an “in Africa for Africa” strategy along with an institutional business to service donor - funded markets. The Company focusses on “difficult to manufacture” products that are sold in over 100 countries

As at the date of the report, the Company has global manufacturing footprint with facilities located in India - Bengaluru (two sites), Puducherry and Chennai, Singapore, Italy-Milan, USA – Florida and Kenya - Nairobi.

The Company has a dedicated R&D facility in India with global filing capabilities and a strong commercial footprint across 100 countries.

We are devoted towards a holistic approach to corporate governance. We benchmark our corporate governance activities to best practices across the globe. Our strategy is directed towards having a sharper focus on compliance.

The values that define our business ethos are: Integrity, Collaboration and Efficiency.

- Integrity - We will follow the Right Practices and do the Right thing;
- Collaboration - We will work Together - understanding and supporting each other;
- Efficiency - We will do everything to deliver quicker and better results.

It is these values that have helped us not only instigate trust in our Company, but also develop strong

relationships with all our stakeholders thereby creating long-term value for society and our business.

The code of conduct relating to ethics, bribery and corruption is integrated in our well-established and implemented ‘Code of Conduct’ for the Board, senior management and employees. The existing code does not cover suppliers, contractors and business partners.

The Whistleblower Policy is formulated with a view to provide a mechanism for employees of the Company to raise concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports, etc. It is applicable to not just our employees but also extends to our business associates. Some of the malpractices and events covered under this policy are negligence causing substantial and specific danger to public health and safety, deliberate violation of law/regulation, breach of Company policy or failure to implement or comply with any approved Company policy, wastage/misappropriation of Company funds/assets, etc.

All disclosures reported under our Whistleblower Policy are thoroughly investigated by the HR Head, who is the Whistle Officer of the Company. The Whistle Officer oversees the investigations under the authorisation of the Audit Committee. During the reporting period, no stakeholder complaints were received on ethics, transparency and accountability.

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

We are dedicated to manufacturing products that are socially beneficial, economically and environmentally sustainable throughout their life cycle. We have implemented the Oracle Agile Product Lifecycle Management for all our R&D operations. The product suite, in addition to aggregation of development data

for our dossiers prepared for regulatory filing, helps us to track the entire lifecycle of development until the launch of our products.

With a vision to touch billions of lives through our high-quality pharmaceuticals, while delivering value to all stakeholders – patients, investors and community; we incorporate sustainable and rightful practices throughout the product development process.

Our key products wherein social and environmental-friendly designs have been incorporated are:

- Virvel (combination of Sofosbuvir and Velpatasvir tablet) for Hepatitis C treatment
- Virtaf (Tenofovir Alafenamide) for Hepatitis/ Viral treatment
- Albendazole Tablets for anthelmintic treatment
- Combination of TDF/Lami/DTG for anti-retroviral treatment

The Company, being a mass multi-product manufacturing and multi-facility established Company, monitors the resource consumption in batches. Currently, monitoring of resource consumption for manufacturing each unit of product is not feasible. However, we are aware of the importance of adopting highest standards of environmental and social practices in all our manufacturing locations.

Each of our manufacturing locations monitor the energy, water and fuel consumption on periodic basis. We have undertaken various measures towards identifying our environmental risks and develop mitigation plans to address them. All our manufacturing locations are certified to ISO 14001: 2015.

Production Details – FY 2019-20

| S. No. | Type of Products Manufactured | Units | |
|--------|-------------------------------|-------|-------|
| 1 | Oral Dosage | Tonne | 5,181 |

Resource Consumption Details – FY 2019-20

| S. No. | Type of Resource Utilised | Units | |
|--------|---------------------------|-------|-------------|
| 1 | Water | KL | 2,01,694 |
| 2 | Electricity | Kwh | 5,03,18,621 |
| 3 | Fuel | | |
| | HSD | KL | 1,791.79 |
| | FO | KL | 1,375.96 |
| | Briquette | Tonne | 212.27 |

Sustainable sourcing

We address elements of sustainable sourcing like ethics, labour and human rights, wages and benefits, health and safety and the environment in the purchase/service orders released to our vendors and suppliers. While we are in the process of developing a well-defined ‘Supplier Code of Conduct’ with an endeavor

to integrate sustainability in our procurement process for all our products and services, we do conduct audit and due diligence prior to sourcing of materials/availing services from the vendors. The sourced products are submitted for approval with the regulatory authorities and post their approval, such materials are used in our final products.

Sourcing from local and small producers

The Company procures goods from local and small producers, who comply with its quality requirements. We follow required statutory obligation to meet sustainability with the micro, small and medium enterprises.

Supply chain strategy management of the Company believes in facilitating local economic growth by encouraging and supporting local suppliers in the vicinity of our area of operation. Local sourcing also helps us in reducing air emissions from vehicular movement. In this financial year, we have procured a part of our required materials from local (India) suppliers.

We also educate our vendors and suppliers on the current needs of quality standards, regulatory compliances to adhere to and share good industry practices with them.

Product recycle and waste management

It is our endeavour to bring safe, efficient and affordable treatment to global markets, while operating to the highest standards of compliance. We, therefore use only the finest quality of raw materials and implement precautionary approach to check that no waste/rejected batch materials are returned to the production process. We also ensure that the waste generated is appropriately channeled for incineration as these are bio-medical waste and requires effective disposal mechanisms.

We have also taken steps towards effective treatment of the process generated wastewater. The process water is treated in the wastewater treatment plant and reused for gardens/lawns inside the plant premises across all sites in India. In FY 2019-20, we treated 1,03,257 KL of wastewater.

Principle 3: Businesses should promote the well-being of all employees

We acknowledge that our employees are the drivers of our development and consider them to be our greatest assets. Our vision is to create a working environment that facilitates their personal well-being while meeting the business needs. We are committed to providing a work environment that ensures that every employee is treated with dignity, respect and equality.

Health & Safety

Health and safety of employees is a critical element that makes any workplace appropriate for operations. For our sustainable business, safety is a prerequisite. The wellness of our workforce is given utmost importance in the interest of employees' safety, their health and in the interest of the employer's responsibility.

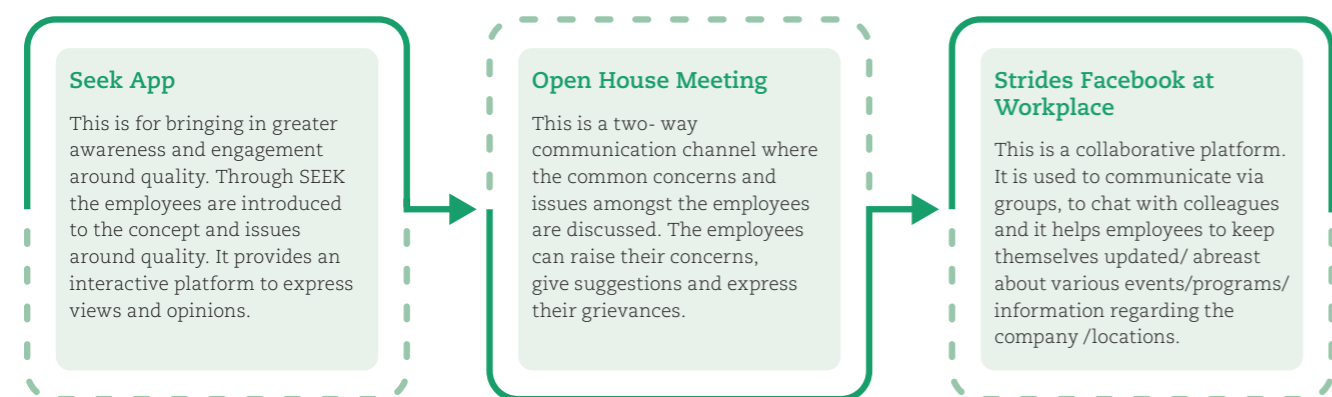
Some of the illustrations of workplace wellness in the organisation include allowing flexi-time for exercise, medical insurance, flexi times/work from home, maternal leave, paternal leave and employee wellness program – ‘We Care’. The Company follows a wellness calendar as part of the employee welfare programme.

The Company also conducts periodic safety trainings and mock drills so that the employees are aware of all the do’s and don’ts during an emergency situation.

The Company’s health and safety approach include:

1. Safe working systems
2. Use of personal protective equipment
3. Emergency preparedness.

Our Environment, Health & Safety (EHS) policy is applicable to all facilities. Moving forward, we intend to certify all our units with the OHSAS 18001:2007 standard.



As a part of recreation camaraderie, we celebrate family day and employees are encouraged to opt for team outings.

At Strides, we also give due credit to the employee’s union that pursues the interests of its members, with equal focus on the overall business expectations. Currently, we have a management-recognised employee association, which covers approximately 20% of our employee membership.

Strides Workforce Details – FY 2019-20

| S. No. | Type of Resource Utilised | Number of Employees |
|--------|---------------------------------------|---------------------|
| 1 | Permanent employees | 2,969 |
| 2 | Permanent women employees | 396 |
| 3 | Permanent employees with disabilities | 0 |
| 4 | Temporary/contractual employees | 1,460 |

Continuous learning

At Strides, we believe in expanding our ability to learn and increase our knowledge in response to a changing environment and new developments.

Some of the other available employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits – mediclaim insurance policy, group term life policy, group accident policy, maternity leave and paternity & adoption leave policy.

The Company doesn’t support any discrimination in terms of nationality, sex, religion, marital status, caste and creed. There is ‘zero tolerance’ towards sexual harassment and any act of sexual harassment leading to serious disciplinary action. We have established a policy against Sexual Harassment for the employees.

Employee engagement

We also assure employees’ well-being through active engagement. We have several two-way communication platforms in place for employees to express themselves, raise their queries and enable employees to know more about the organisation.

Some of our key programs are listed below:

a. Skill development

Strides Continuous Learning Program (CLP), is an initiative designed to reinforce Strides values, acknowledge skill gaps, strengthen basic skills and enhance personal capabilities. The program is flexible with multiple sessions planned for each training module, to enable you to plan your participation. The program demands personal time and commitment (minimum of 3 - 6 hours per month) for a successful completion. Each CLP learning track — Foundation, Intermediate and Advanced, will be an engagement of approximately three months with the interventions targeted to develop your personal capabilities progressively. Training will be on Functional and Behavioral Competencies such as communication, innovative thinking, collaboration, problem solving, negotiation, accountability for results, and many more.

This curriculum focuses on the organisational values and the personal capability of the employee to enable them with necessary skills to work efficiently in a corporate work environment

In addition to this, newer programs were introduced to support with employees’ roles and responsibilities like Interviewing Skills for hiring managers to bring in the right fit for the role, Emotional Development program for self-managed teams at the site, Performance Excellence Programs for the middle manager focusing on specific managerial skills, job enhancing hard skills program like MS excel and systems training.

Strides Talent Development transformed the learning digitally by launching efficient Learning Management System thereby enabling digitalisation of learning. All the learnings will be captured, accessed, completed and rated all in one single platform.

CLP modules are converted into interactive eLearning course to enhance the scalability of the course access by the mass audience

Bespoke training programmes are also conducted at regular intervals. In addition, we have collaborated with prestigious institutes like IIM Bengaluru, BITS Pilani, TISS, NMIMS and Acharya Institute of Pharmacy to enable continuous learning for our employees.

As a succession planning approach, we have introduced identification and development of future leaders through the Future Leadership Program, which acts as an intrinsic motivation and retention.

Our managerial and leadership development programmes help enhance leadership capabilities across levels.

b. Talent management

The talent management strategy at Strides is derived based on many factors mainly:

- Current talent pool
- Analysis of department-wise and role-wise work
- Future business plans
- Recommendations from managers to develop their teams

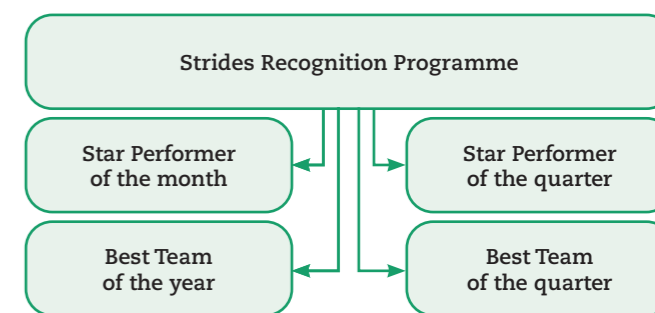
The organisation has trainings in the form of Continuous Learning Program and Pathway Programs to identify and nurture talent at various levels.

c. Self - managed teams

Our facility for emerging markets in Chandapura, Bengaluru, has implemented the Self-Managed Teams (SMT) philosophy to build a high-performing culture, thereby creating empowered teams.

We have established a separate policy on ‘Performance Management System’ that provides a framework for managing performance by assessing individual employee goals against stated/ desired goals and objectives. Our framework on performance management system is based on continuous improvement and focuses on goal/ objective setting, performance assessment and reviews, feedback and personal development plan and pay for performance.

We strive to do the best to keep our employees happy and motivated through our rewards and recognition system, which is one of the factors for the organisational success. Some of our recognition programmes include:



Strides Learning & Development – FY 2019-20

| S. No. | Category | Number of Employees | Percentage of Employees |
|--------|--|---------------------|-------------------------|
| 1 | Employees provided with skill upgradation training | 1,454 | 48.97% |
| 2 | Employees received performance or career development reviews | 1782 | 60.02% |

We periodically renew our HR strategies to enhance productivity and better engage with a diverse workforce across geographies. We equip our employees with opportunities to learn and apply the business concepts in day-to-day practice, thus enriching the quality of delivery.

Complaints relating to child labour, forced labour, involuntary labour, sexual harassment/ discriminatory employment

We believe that the success of a responsible organisation rests on the foundation of ethics and respect for human rights. We follow the best international practices, which ensure the freedom of association, prohibition of child labour, protection of indigenous rights and prohibition of forced and compulsory labour. In FY 2019-20, we did not receive any complaint relating to child labour, forced labour, involuntary labour, sexual harassment or discriminatory employment.

Principle 4:
Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised
 We are cognisant of the fact that the stakeholder engagement is a periodic process that enables companies to develop and implement strategies to fulfill the stakeholder expectations and seek their long-term support. We recognise employees, our service partners (suppliers and dealers), customers, shareholders/investors, communities surrounding our operations and regulatory authorities as our key stakeholders. We engage with them through various channels, such as consultations with local communities through village panchayats, supplier/vendor meets, employee satisfaction surveys, investor forums, etc. Though there is already a policy in place, we are working towards developing the policy in line with the requirement of the prescribed principle.

Internal and external stakeholders

We have mapped our internal and external stakeholders based on our 'shareholder and stakeholders communication' strategy.



A detailed report on the CSR activities of the Company is annexed to the Board's Report as Annexure 4.

Principle 5:
Businesses should respect and promote human rights
 As a responsible organisation, the Company respects human rights at the workplace and endeavour to adopt best international practices, which ensure the freedom of association, prohibition of child labour, protection of indigenous rights and prohibition of forced and compulsory labour.

The Company values the rights of the individuals and it is testified in our Code of Conduct for Board, senior

management and employees. The Code of Conduct embraces a commitment to conduct our business in the most ethical manner with due regard to business needs and stakeholder interests.

The elements of Convention on the Elimination of all Forms of Discrimination against Women (CEDAW), an international treaty by the United Nations General Assembly, described as an international bill of rights for women has been covered in our Code of Conduct. A Committee has been constituted by the management to consider and redress complaints of sexual harassment. Any employee may contact their local HR point of contact and/or log in to Strides Portal to understand the redressal mechanisms.

In case of any non compliance, the employee or any of the business associates can directly approach the Chairman of the Audit Committee. The Committee ensures the confidentiality and protects the complainant from being persecuted.

While the Code of Conduct covers employees of the organisation, we are working towards evolving the Code of Conduct in line with the requirements of the prescribed principle and International Labour Organisation (ILO), to extend it to our suppliers, contractors, and other stakeholders.

Stakeholder Complaints
 Our Code of Conduct discourages violation of human rights and provides a fair and transparent mechanism for reporting any such violation. No complaints were received pertaining to human rights violation during the reporting period.

Principle 6:
Businesses should respect, protect and make efforts to restore the environment
 We believe as an organisation, it is our responsibility to ensure that all our business practices are carried out in a way that causes minimal impact on the environment. Our policy on 'Environment, Health & Safety' (EHS) provides us the necessary direction towards climate change mitigation and adaptation efforts, as well as natural resource replenishment initiatives.

We follow our policy on EHS which is applicable to all business operational facilities. As part of the policy, we commit to educating our stakeholders (employees, contractors, sub-contractors, transporters, visitors) about the EHS policy and emergency procedures.

We understand that global warming has relevance on our business and the markets that we serve. We try to address this issue through our EHS policy and have taken various initiatives through its Environmental Management System. It is in the process of initiating specific business level strategies to address global warming and climate change.

We identify and assess all the potential environmental risks as per the Environmental Management System Standards ISO 14001:2015. We have developed appropriate standard operating procedures to address the key environmental risks.

Clean Development Mechanism
 We do not have any project related to Clean Development Mechanism.

Initiatives undertaken on clean technology, energy efficiency, renewable energy

| Clean technology | Energy efficiency | Renewable energy |
|--|--|---|
| 13,805 KL rainwater collected and recharged to improve the ground water table in and around the plant. | 24,916 KL of water recycled from steam condensate and reused for steam generation. | 11,195 Tonne of CO emissions reduction achieved by utilisation of 14.36 Mn KWH from renewable energy sourcee. |
| 1,03,257 KL of wastewater treated by WWTP and reused for garden/ lawn inside the plant premises across all sites in India. | Replacement of TFL/CFL/SVL with energy efficient LED lights resulted in saving of about 9,41,121 kWh | 4,12,988 Kwh renewable energy generated inhouse |

Compliance to CPCB/SPCB norms in relation to emission/waste generated by the Company
 Emission are monitored by Pollution Control Board (PCB) authorised laboratories and periodical emission test reports are submitted to regulatory authorities. The generated stack emissions and ambient air quality are well within the limits as defined by Central Pollution Control Board/State Pollution Control Board (CPCB/SPCB).

All hazardous solid wastes are stored at designated places and disposed to approved recycler/ TSDF, as per the requirements of hazardous and other waste (Management and Transboundary Movement) Rules, 2016.

Show cause/legal notices received from CPCB/SPCB
 During the year under review, the Company did not receive any notice from CPCB/ SPCB.

Principle 7:
Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner
 We strive to create a positive impact and participate in making sound policy decisions to facilitate change in public policies that are beneficial to the sector. We believe that a sustainable business growth can be achieved when worked together with the regulatory authorities, government and trading bodies.

We are a part of various industry bodies and associations that influence public and regulatory bodies in a responsible manner, which include:

- a. Pharmaceuticals Export Promotion Council of India
- b. Bombay Chambers of Commerce
- c. Bengaluru Chamber of Industry and Commerce

- d. Export Promotion Council for EOUs & SEZs
- e. Indian Drug Manufacturers' Association
- f. Karnataka Drugs & Pharmaceutical Manufacturers Association
- g. Federation of Karnataka Chambers of Commerce and Industry

We actively support the policy advocacy campaigns which the above organisations take up from time to time.

Principle 8:
Businesses should support inclusive growth and equitable development
 At Strides, we always strive to secure the interests of all the stakeholders along with the healthy growth of the Company. Community development programs are integral to our sustainability strategy. We have always contributed towards CSR activities, even before it was mandated by the law. We have initiated many programs for the disadvantaged, surrounding our area of operation.

The Company has developed and implemented the CSR policy which encompasses our philosophy towards CSR and lays down guidelines and mechanisms for undertaking socially beneficial programs for welfare and sustainable development of the community at large.

Our CSR initiatives help address socio-economic challenges in the realms of health, education, employability and disaster management.

We have implemented the CSR programmes through our unit CSR Team and CSR advisory committee along with Strides Foundation and external NGOs, to contribute to different sections of society. Projects to promote the wellbeing of the society has been developed post a comprehensive Community Need Analysis. Our focus areas are:

- a. Promoting hygiene and healthcare
- b. Promoting education and
- c. Employability

A detailed report on CSR initiatives and the amount spent during the period under review forms part of the Board's Report as Annexure 4.

Impact assessment
 We have carried out a formal structured impact assessment of our various CSR programmes in FY 2020 through an external Social Accounting and Audit (SAA) Organisation – The India chapter of M/s. Social Audit Network – UK.

Our focus for Community development being Health & Hygiene and Education, our initiatives have been around providing:

- Preventive, promotive and curative healthcare at our Specialty healthcare center – Arogyadhama at Suragajakkanahalli village panchayat

- Safe drinking water through self-sustainable RO drinking water plants at Anekal
- Good healthcare, creating awareness through health camps etc., building awareness on health and hygiene
- Providing infrastructure and also empowering children to learn better and equip themselves for a better future.

Arogyadhama caters to over 12,500 populations in 12 villages giving the best of facilities. Over 9,100 people were benefitted in 2019-20. 3,100 students form 44 schools covered under school healthcare.

In our efforts to provide safe drinking water and to improve the quality of living of people, new RO water unit has been installed at Honnakalapur Village, Suragajakkanahalli Panchayat, Anekal.

On Employability front, the Employment Empowerment Program initiative in partnership with Swami Vivekananda Rural Community College (SVRCC), has provided vocational skills to 100 youths of our neighboring villages, who are now under industrial training and will be ready to be employed by July. Owing to the success of the first three batches, we have initiated the process to upskill the next set of rural youths.

In line with our focus to provide better quality of education to children by improving the infrastructure, an Anganwadi was constructed at Sidihoskote Village,

We have developed and implemented a robust pharmacovigilance system for handling and addressing complaints received from any of our stakeholders.

Customer Complaints – FY 2019-20

| S. No. | Category | Number of Complaints Received | Number of Complaints Closed | Number of complaints pending | % of Complaints/ Cases Pending |
|--------|--------------------------------|-------------------------------|-----------------------------|------------------------------|--------------------------------|
| 1 | Customer Complaints | 317 | 300 | 17 | 5.36% |
| 2 | Customer Cases (legally filed) | - | - | - | - |

We have a dedicated pharmacovigilance cell to resolve any customer concerns or queries related to our products. We have not received any complaints on unfair trade practices, irresponsible advertising and anti-competitive behavior.

Display of product information on the product label

The customer is provided with the instructions on dosage and basic knowledge about the science behind the various ingredients added in different products. We also provide information on the composition of each ingredient in volume and percentage in the product. Storage Instructions and cautionary notes are also provided wherever required.

For and on behalf of the Board of Directors

Badree Komandur Executive Director – Finance & Group CFO
Ramaraju PVS Chief Quality Officer

Date: May 20, 2020
 Place: Bengaluru

Suragajakkanahalli Panchayat. About 30 children, pregnant women and women requiring postnatal care will be benefitted with this initiative.

Under Leadership adoption program for school (LeAPS), life skills are imparted to the students of the Government primary and high school to get the young students future ready.

Principle 9:

Businesses should engage with and provide value to their customers and consumers in a responsible manner

We give utmost priority to provide effective, superior quality and economically affordable products to our customers. We work towards safe management of our products throughout its lifecycle and is committed to reducing risks. This is ensured by making factual disclosure of information during labelling and branding of our products. As a company, we are strongly connected with our customers. By understanding their needs, expectations and priorities, we are better equipped to develop products that offer great value.

We follow a standard operating procedure on providing the required factual information about our products to the customers. We ensure our compliance towards all applicable legislations with respect to packaging and labelling. We realise the extent of influence we can have on our customers and we wish to engage with them in a responsible manner.

Independent Auditors’ Report

To the Members of
Strides Pharma Science Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Strides Pharma Science Limited (hereinafter referred to as the ‘Holding Company’) and its subsidiaries (Holding Company and its subsidiaries together referred to as “the Group”), its associates and its joint ventures, which comprise the consolidated balance sheet as at 31 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 information of such subsidiaries and associates as were audited / reviewed 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, its associates and joint ventures as at 31 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, its associates and joint ventures 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 / review 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Going concern assessment

[Refer Significant Accounting Policies to the consolidated financial statements]

The key audit matter

As at 31 March 2020, the Group on a consolidated basis had net current liabilities (excess of current liabilities over current assets) of ₹ 1,727 million and total borrowings of ₹ 19,617 million.

Note 2.1 to the consolidated financial statements explains that the management have concluded that the going concern basis is appropriate in preparing the consolidated financial statements of the Group. The Group evaluated its ability to continue as a going concern based upon an assessment of the Group’s cash position, future cash flow forecasts considering its existing debt repayment obligations and other commitments and its availability of financing facilities. This required the exercise of significant judgement, particularly in forecasting the Group’s future revenue, profitability and cash flows in assessing the its ability to renew / obtain additional banking facilities and considering the impact of COVID-19 on all these assumptions, if any.

How the matter was addressed in our audit

Our audit procedures to assess the going concern assumption whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern included the following:

- Gaining an understanding of the Group’s business planning process and assessing the design, implementation and operating effectiveness of management’s key internal controls over preparation of cash flow forecasts to assess its liquidity;
- Evaluating the key assumptions in the cash flow forecasts (including future revenue, profitability and cash flows) with reference to historical information, current performance, future plans, and market and other external available information;

Independent Auditor's Report

| The key audit matter | How the matter was addressed in our audit |
|---|--|
| <p>Based on their assessment, the Group concluded that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern.</p> <p>Considering the significance of the area to the overall financial statements, this was an area of focus for our audit.</p> | <ul style="list-style-type: none"> Performed a retrospective analysis to assess the reasonableness of Group's past projections by comparing historical forecast to actual results; Assessing the availability of undrawn banking and other financing facilities and history of actual rollover of facilities by inspecting underlying documentation; Assessing the impact of any existing covenants and other restrictive terms therein which may impact Group's ability to raise further debt and considering the impact of COVID-19 on all these assumptions. |

Taxation

[Refer Significant Accounting Policies and notes 12, 13, 27 and 36 to the consolidated financial statements]

| The key audit matter | How the matter was addressed in our audit |
|---|--|
| <p>The Group operates across different tax jurisdictions around the world and is subject to complexities with respect to various tax positions on matters such as:</p> <ul style="list-style-type: none"> - availability of tax incentives / exemptions, - deferred taxes on business combinations <p>Judgment is required in assessing the range of possible outcomes for some of these tax matters. These judgments could change over time as each of the matter progresses depending on experience on actual assessment proceedings by tax authorities and other judicial precedents.</p> <p>The Group makes an assessment to determine the outcome of these uncertain tax positions and decides to make an accrual or consider it to be a possible contingent liability.</p> <p>Where the amount of tax liabilities are uncertain, the Group recognizes accruals which reflect its best estimate of the outcome based on the facts known in the relevant jurisdiction.</p> <p>Given the complexity of tax accounting for multiple jurisdictions including judgment involved in determining impact of uncertain tax positions and impact of deferred taxes on business combination, we assessed this to be an area of focus for our audit.</p> | <p>In view of the significance of the matter, following audit procedures were applied, among others to obtain sufficient audit evidence:</p> <ul style="list-style-type: none"> We tested the design of internal financial controls and operating effectiveness of the relevant key controls in respect of taxation; We obtained an understanding of the key uncertain tax positions based on list of ongoing litigations and tax computations for the current year; We analysed select key correspondences with the tax authorities to identify any additional uncertain tax positions; We analysed the Group's judgment regarding the eventual resolution of matters with various tax authorities. In this regard, we understood how the Group has considered past experience, where available, with the tax authorities in the respective jurisdictions; We used our local and international subject matter experts, to assess the accounting treatment done by the Group for current and deferred taxes. We also obtained the Group's computation for deferred taxes for multiple entities in the Group and on new business combinations and assessed its compliance with the recognition and measurement principles under the accounting standards. |

Independent Auditor's Report

Impairment testing of goodwill and intangible assets

[Refer Significant Accounting Policies and notes 7 and 8 to the consolidated financial statements]

| The key audit matter | How the matter was addressed in our audit |
|--|--|
| <p>The Group has goodwill and intangible assets of ₹ 4,286 million and ₹ 5,463 million respectively as at 31 March 2020. These intangible assets predominantly arise on account of past business combinations and are subjected to impairment test as part of Cash Generating Units (CGU's) which include goodwill.</p> <p>The annual impairment testing of goodwill and intangible assets within such CGU's was considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgement involved to estimate the recoverable amount. The recoverable amount of the CGUs (includes goodwill and intangible assets among other items), which is the value in use has been derived from discounted forecast cash flow models. These models use several key assumptions, including estimates of future sales volumes, and prices, operating costs, terminal growth rates and the weighted-average cost of capital (discount rate) and considering the impact of COVID-19 on these assumptions, if any.</p> | <p>In view of the significance of the matter, following audit procedures were applied, among others to obtain sufficient audit evidence:</p> <ul style="list-style-type: none"> Tested the design and operating effectiveness of the Group's controls around the impairment testing of carrying value of goodwill / intangible assets; involving independent valuation specialist to assist in evaluating the discount rates applied, which included comparing the weighted-average cost of capital with sector averages for the relevant markets in which the CGUs operate; evaluating the assumptions applied to key inputs such as sales volumes and prices, operating costs, and terminal growth rates. This also included comparing these inputs with externally derived data as well as our own assessments based on our knowledge of the client and the industry; tested whether the management analysis about the sensitivity of the outcome of the impairment assessment to reasonably possibly changes in key assumptions reflects the risks inherent in the valuation, including possible impact of COVID-19 pandemic, if any.; performing a retrospective analysis of the accuracy of the Group's past projections by comparing historical forecast to actual results; <p>We also assessed the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions like terminal growth rate, weighted average cost of capital, etc. reflect the risks inherent in the valuation of goodwill.</p> |

Independent Auditor's Report

Chargebacks, rebates, returns, cash discount, other adjustments and related accruals (“gross to net sales adjustments”)

[Refer Significant Accounting Policies and notes 16, 24 and 28 to the consolidated financial statements]

| The key audit matter | How the matter was addressed in our audit |
|---|--|
| <p>A significant portion of Group's sales are made to customers in the United States of America ('USA') under certain commercial and governmental reimbursement schemes and mandated contracts. These arrangements provide for significant amount of chargebacks, rebates, cash discount, medicaid and other related accruals (collectively known as 'gross-to-net' sales adjustments). The Group also provides a general right of return to its customers for these products. These arrangements result in deductions to gross sales and give rise to obligations for the Group to provide customers with allowances, which for unsettled amounts are recognised as an accrual.</p> <p>This was an area of focus in our audit because arrangements are of significant value, inherently complex and computation of accrual requires significant judgement and estimation by the Group. This judgement is particularly complex in USA in which competitive pricing pressure and multi-layered product discounting are increasingly prevalent. These accruals (other than provision for sales return) have been disclosed as a reduction to trade receivables as of 31 March 2020.</p> | <p>In view of the significance of the matter, following audit procedures were applied, among others to obtain sufficient audit evidence:</p> <ul style="list-style-type: none"> We tested the design and operating effectiveness of the relevant key controls in respect of 'gross-to-net' sales adjustments. Obtained the computation for year-end accruals and tested the assumptions used by reference to the Group's stated commercial policies, applicable contracts, stock lying at wholesalers and historical product returns and other claims / allowance. We performed test of details on the actual claims processed for wholesalers during the year towards chargebacks, rebates, sales return and other allowances etc. to determine the accuracy of 'gross-to-net' sales adjustments. Tested the historical data with respect to claims processed for sales return, chargebacks, rebates, Medicaid and other allowances. Performed analytical procedures on 'gross-to-net' sales adjustments recognised during the year to identify any unusual variances / relationships, if any. For each of the estimated accruals, tested the mathematical accuracy of the computation and verified the underlying data used for completeness and accuracy. |

Independent Auditor's Report

Impairment testing of investments in associates and joint ventures

[Refer Significant Accounting Policies and notes 9(i) to the consolidated financial statements]

| The key audit matter | How the matter was addressed in our audit |
|---|--|
| <p>The Group has investments in associates and joint ventures of ₹ 4,294 million as at 31 March 2020.</p> <p>One of the associates is still carrying out significant product development currently with insignificant revenues and accordingly, the Group continues to record its share in the losses of the associates. Given the stage of the associate, recoverable value of the associate for impairment testing is determined using discounted cash flow approach which involves significant judgement and estimates including assessing the impact of COVID-19 on projections and estimates. Further, another associate continues to incur losses which requires the Group to assess for impairment given the minimum assured return to the other shareholders in that associate.</p> <p>Given the recurring losses incurred by these associates, impairment testing was significant to our audit, because of the financial quantum of the assets as well as the critical judgements, estimates and assumptions involved.</p> | <p>In view of the significance of the matter, following audit procedures were applied, among others to obtain sufficient audit evidence:</p> <ul style="list-style-type: none"> Tested the design and operating effectiveness of the relevant key controls around Group's assessment of impairment of investment in associates and joint ventures. Performed a retrospective analysis to assess the reasonableness of Group's projections by comparing historical forecast to actual results. Tested reasonability of projections used by the Group relating to the sales growth, operating costs, cashflow forecast. Involving independent valuation specialist to assist in evaluating the discount rates applied, which included comparing the weighted-average cost of capital with sector averages for the relevant markets in which the investments operate; Tested whether the management analysis about the sensitivity of the outcome of the impairment assessment to reasonably possibly changes in key assumptions reflects the risks inherent in the valuation, including possible impact of COVID-19 pandemic, if any. |

Independent Auditor's Report

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises of Management Reports such as Board's Report, Management Discussion and Analysis, Corporate Governance Report and Business Responsibility Report, but does not include the consolidated financial statements and our auditor's report thereon which we obtained prior to the date of this Auditor's Report, and the remaining sections of Annual Report, which are expected to be made available to us after that date.

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, on the other information that we obtained prior to the date of this

Auditor's Report, 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.

When we read the other sections of Annual Report (other than those mentioned above), if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

Management's and Board of Directors' Responsibilities 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 including its associates and joint ventures 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 Management and Board of Directors of the companies included in the Group and of its associates and joint ventures 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 Management and 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 and of its associates and joint ventures 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 respective Board of Directors 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 and of its associates and joint ventures 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.

Independent Auditor's Report

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 and Board of Directors 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 and its associates and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associates and joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited / reviewed by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits / reviewed 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 / review 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report

Other Matters

- (a) We did not audit the financial information of 8 subsidiaries, whose financial information reflect total assets (before consolidation adjustments) of ₹ 36,904 million as at 31 March 2020, total revenues (before consolidation adjustments) of ₹ 23,223 million and net cash outflows amounting to ₹ 1,542 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss after tax (before consolidation adjustments) (and other comprehensive income) of ₹ 998 million for the year ended 31 March 2020, in respect of 4 associates, whose financial information have not been audited by us. These financial information have been audited / reviewed 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 associates, 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 and associates is based solely on the audit / review reports of the other auditors.
- (b) The financial information of 46 subsidiaries, whose financial information reflect total assets (before consolidation adjustments) of ₹ 22,640 million as at 31 March 2020, total revenues (before consolidation adjustments) of ₹ 2,819 million and net cash outflows amounting to ₹ 255 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. The consolidated financial statements also include the Group's share of net loss after tax (before consolidation adjustments) (and other comprehensive income) of ₹ 79 million for the year ended 31 March 2020, as considered in the consolidated financial statements, in respect of 8 associates and 5 joint ventures, whose financial information have not been audited by us or by other auditors. These unaudited 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, joint ventures and associates, 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, joint ventures and associates, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these 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 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 information of such subsidiaries and associates as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
- 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.
 - 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.
 - 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.
 - In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
 - On the basis of the written representations received from the directors of the Holding Company and its subsidiary companies, incorporated in India, as on 31 March 2020 taken on record by the Board of Directors of the respective companies and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

Independent Auditor's Report

- With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, associate companies and joint ventures incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- 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 information of the subsidiaries and associates, as noted in the 'Other Matters' paragraph:
 - The consolidated financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group, its associates and joint ventures. Refer Note 42 to the consolidated financial statements.
 - The Group, its associates and joint ventures did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2020. Refer Note 58 to the consolidated financial statements.
 - There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2020. Further there were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the subsidiary companies and associate companies incorporated in India .
- 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 and based on the reports of the statutory auditors and representations from management of such subsidiary companies and associate companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary companies and associate 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, its subsidiary companies and associate 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.
- The disclosures in the consolidated 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 the financial statements since they do not pertain to the financial year ended 31 March 2020.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sampad Guha Thakurta
Partner
Place: Bengaluru
Date: 20 May 2020
Membership Number: 060573
UDIN: 20060573AAAABZ9522

Annexure A to the Independent Auditor’s report on the consolidated financial statements of Strides Pharma Science Limited (“the Company”) for the year 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 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of Strides Pharma Science Limited (hereinafter referred to as “the Holding Company”) and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies and its associate companies, to the extent applicable, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies and its associate 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 31 March 2020, based on the internal financial controls with reference to consolidated 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 controls 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”).

Auditor’s 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 and the audit evidence obtained by the other auditors of the relevant subsidiary companies and associate companies in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the 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

Annexure A to the Independent Auditor’s report on the consolidated financial statements of Strides Pharma Science Limited (“the Company”) for the year 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)

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.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to one subsidiary company and one associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **B S R & Co. LLP**
Chartered Accountants
Firm’s Registration No: 101248W/W-100022

Sampad Guha Thakurta
Partner
Place: Bengaluru
Date: 20 May 2020
Membership Number: 060573
UDIN: 20060573AAAABZ9522

Consolidated Balance Sheet

as at March 31, 2020

| | Note | March 31, 2020 | March 31, 2019 |
|--|--------|------------------|------------------|
| ₹ in Million | | | |
| A Assets | | | |
| I Non-current assets | | | |
| (a) Property, plant and equipment | 4 | 10,687.21 | 10,373.70 |
| (b) Capital work-in-progress | | 1,480.55 | 995.36 |
| (c) Right-of-use assets | 5 | 2,471.63 | - |
| (d) Investment property | 6 | 728.02 | 773.74 |
| (e) Goodwill | 7 | 4,285.58 | 13,776.38 |
| (f) Other intangible assets | 8 | 2,814.07 | 11,551.23 |
| (g) Intangible assets under development | | 2,648.91 | 3,534.97 |
| (h) Investment in associates and joint ventures | 9(i) | 4,293.97 | 4,057.84 |
| (i) Financial assets | | | |
| (i) Investments | 9(ii) | 10.38 | 111.85 |
| (ii) Loans receivable | 10(i) | 389.69 | 682.69 |
| (iii) Other financial assets | 11(i) | 4,174.05 | 23.44 |
| (j) Deferred tax assets (net) | 12 | 1,985.75 | 1,728.80 |
| (k) Income tax assets (net) | 13 | 1,333.95 | 1,362.61 |
| (l) Other non-current assets | 14(i) | 492.46 | 336.72 |
| Total non-current assets | | 37,796.22 | 49,309.33 |
| II Current assets | | | |
| (a) Inventories | 15 | 7,825.39 | 8,741.58 |
| (b) Financial assets | | | |
| (i) Investments | 9(iii) | 1,189.68 | 2,847.49 |
| (ii) Trade receivables | 16 | 9,316.94 | 9,871.82 |
| (iii) Cash and cash equivalents | 17 | 1,822.34 | 3,658.89 |
| (iv) Other balances with banks | 18 | 548.63 | 1,507.61 |
| (v) Loans receivable | 10(ii) | 148.31 | 541.49 |
| (vi) Other financial assets | 11(ii) | 71.58 | 806.70 |
| (c) Other current assets | 14(ii) | 2,783.24 | 2,511.64 |
| (d) Assets classified as held for sale | 4 | 15.00 | - |
| Total current assets | | 23,721.11 | 30,487.22 |
| Total Assets | | 61,517.33 | 79,796.55 |
| B Equity and Liabilities | | | |
| I Equity | | | |
| (a) Equity share capital | 19 | 895.65 | 895.49 |
| (b) Other equity | 20 | 24,378.52 | 25,591.55 |
| Equity attributable to equity holders of the Company | | 25,274.17 | 26,487.04 |
| Non-controlling interests | 21 | 672.38 | 1,529.54 |
| Total Equity | | 25,946.55 | 28,016.58 |
| II Liabilities | | | |
| 1 Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Lease liabilities | 5 | 2,538.33 | 0.47 |
| (ii) Borrowings | 22(i) | 6,039.09 | 18,065.13 |
| (iii) Other financial liabilities | 23(i) | 678.43 | 4,409.92 |
| (b) Provisions | 24(i) | 639.52 | 522.37 |
| (c) Deferred tax liabilities (net) | 12 | 208.16 | 2,056.01 |
| (d) Other non-current liabilities | 25(i) | 18.68 | 103.67 |
| Total non-current liabilities | | 10,122.21 | 25,157.57 |
| 2 Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Lease liabilities | 5 | 190.92 | 22.86 |
| (ii) Borrowings | 22(ii) | 12,287.75 | 13,390.17 |
| (iii) Trade payables | 26 | | |
| (a) total outstanding dues of micro enterprises and small enterprises | | 199.52 | 57.36 |
| (b) total outstanding dues of creditors other than micro enterprises and small enterprises | | 7,777.96 | 8,832.52 |
| (iv) Other financial liabilities | 23(ii) | 2,646.96 | 1,698.58 |
| (b) Provisions | 24(ii) | 1,255.24 | 1,278.31 |
| (c) Current tax liabilities (net) | 27 | 383.20 | 582.80 |
| (d) Other current liabilities | 25(ii) | 707.02 | 759.80 |
| Total current liabilities | | 25,448.57 | 26,622.40 |
| Total liabilities | | 35,570.78 | 51,779.97 |
| Total Equity and Liabilities | | 61,517.33 | 79,796.55 |

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

As per our report of even date attached

for and on behalf of Board of Directors of Strides Pharma Science Limited

for **B S R & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022

Dr. R. Anantharayanan

Managing Director & CEO
DIN : 02231540

Badree Komandur

Executive Director-Finance & Group CFO
DIN: 07803242

Sampad Guha Thakurta

Partner

Membership No.: 060573

Bengaluru, May 20, 2020

Manjula R.

Company Secretary

Membership No.: A30515

Consolidated Statement of Profit and Loss

For the year ended March 31, 2020

| | Note | March 31, 2020 | March 31, 2019 |
|---|------|------------------|------------------|
| ₹ in Million | | | |
| A. Continuing operations: | | | |
| I Revenue from operations | 28 | 27,519.71 | 21,783.74 |
| II Other income | 29 | 531.13 | 408.40 |
| III Total Income (I+II) | | 28,050.84 | 22,192.14 |
| IV Expenses | | | |
| (a) Cost of materials consumed | | 10,203.49 | 10,020.50 |
| (b) Purchases of stock-in-trade | | 1,469.43 | 1,871.49 |
| (c) Changes in inventories of finished goods, stock-in-trade and work-in-progress | 30 | (448.11) | (1,040.05) |
| (d) Employee benefits expense | 31 | 4,425.58 | 3,294.38 |
| (e) Finance costs | 32 | 1,557.20 | 792.87 |
| (f) Depreciation and amortisation expense | 33 | 1,737.02 | 1,173.89 |
| (g) Other expenses | 34 | 6,522.00 | 5,080.80 |
| (h) Foreign exchange loss - net | | 188.34 | 133.51 |
| Total Expenses (IV) | | 25,654.95 | 21,327.39 |
| V Profit before exceptional items and tax (III - IV) | | 2,395.89 | 864.75 |
| VI Exceptional items (loss) / gain (net) | 35 | (776.80) | 216.17 |
| VII Profit before tax (V + VI) | | 1,619.09 | 1,080.92 |
| VIII Share of loss of joint ventures and associates | | (1,072.29) | (456.96) |
| IX Profit before tax (VII + VIII) | | 546.80 | 623.96 |
| X Tax expense: | 36 | | |
| (a) Current tax | | 280.07 | 289.17 |
| (b) Deferred tax | | (166.84) | (557.75) |
| Total tax expense (X) | | 113.23 | (268.58) |
| XI Profit after tax from continuing operations (IX - X) | | 433.57 | 892.54 |
| B. Discontinued operations | 40 | | |
| (i) (Loss) / Profit from discontinued operations | | (184.16) | 96.59 |
| (ii) Gain on disposal of assets / settlement of liabilities attributable to the discontinued operations (net) | | 122.44 | 2,723.10 |
| (iii) Tax expense of discontinued operations | | 65.89 | 413.48 |
| (Loss) / profit after tax from discontinued operations | | (127.61) | 2,406.21 |
| XIII Profit for the year (XI + XII) | | 305.96 | 3,298.75 |
| XIV Other comprehensive income | 37 | | |
| A (i) Items that will not be reclassified to statement of profit and loss | | (147.24) | (1.22) |
| (ii) Income tax relating to items that will not be reclassified to statement of profit and loss | | 8.32 | 4.25 |
| B (i) Items that may be reclassified to statement of profit and loss | | 329.80 | (620.05) |
| (ii) Income tax relating to items that may be reclassified to statement of profit and loss | | 179.82 | (18.97) |
| Total other comprehensive income for the year, net of tax (XIV) | | 370.70 | (635.99) |
| XV Total comprehensive income for the year (XIII + XIV) | | 676.66 | 2,662.76 |
| Profit for the period attributable to: | | | |
| - Owners of the Company | | 363.91 | 3,246.18 |
| - Non-controlling interests | | (57.95) | 52.57 |
| | | 305.96 | 3,298.75 |
| Other comprehensive income for the year | | | |
| - Owners of the Company | | 378.52 | (634.27) |
| - Non-controlling interests | | (7.82) | (1.72) |
| | | 370.70 | (635.99) |
| Total comprehensive income for the year | | | |
| - Owners of the Company | | 742.43 | 2,611.90 |
| - Non-controlling interests | | (65.77) | 50.85 |
| | | 676.66 | 2,662.76 |
| Earnings per equity share (of ₹ 10/- each) (for continuing operations): | 48 | | |
| (1) Basic | | 5.68 | 10.71 |
| (2) Diluted | | 5.68 | 10.71 |
| Earnings per equity share (of ₹ 10/- each) (for discontinued operations): | 48 | | |
| (1) Basic | | (1.62) | 25.54 |
| (2) Diluted | | (1.62) | 25.53 |
| Earnings per equity share (of ₹ 10/- each) (for total operations): | 48 | | |
| (1) Basic | | 4.06 | 36.25 |
| (2) Diluted | | 4.06 | 36.24 |

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

As per our report of even date attached

for and on behalf of Board of Directors of Strides Pharma Science Limited

for **B S R & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022

Dr. R. Anantharayanan

Managing Director & CEO
DIN : 02231540

Badree Komandur

Executive Director-Finance & Group CFO
DIN: 07803242

Sampad Guha Thakurta

Partner

Membership No.: 060573

Bengaluru, May 20, 2020

Manjula R.

Company Secretary

Membership No.: A30515

Consolidated Statement of Changes in Equity

For the year ended March 31, 2020

| Particulars | Notes | Amount |
|--|-------|---------------|
| ₹ In Million | | |
| Balance as at April 1, 2018 | | 895.00 |
| Changes in equity share capital during the year | | |
| Shares issued pursuant to exercise of stock options | 45 | 0.49 |
| Balance as at March 31, 2019 | | 895.49 |
| Changes in equity share capital during the year | | |
| Shares issued pursuant to exercise of stock options | 45 | 0.16 |
| Balance as at March 31, 2020 | | 895.65 |

B) Other equity

| Particulars | Notes | ₹ in Million | | | | | | | | | | Total | | | | |
|---|-------|---|-----------------|--------------------|----------------------------|-----------------------------------|---------------------------------------|-----------------|-------------------|----------------------------------|---------------------------|----------|--------------------------------------|--|--|---------------------------|
| | | Share application money pending allotment | Capital reserve | Securities premium | Capital redemption reserve | Share options outstanding account | Equity for gross obligation liability | General reserve | Retained earnings | FVOCI equity investments reserve | Cash flow hedging reserve | | Foreign currency translation reserve | Remeasurement of the defined benefit liabilities / (asset) | Equity attributable to owners of the Company | Non-controlling interests |
| Balance as at April 1, 2018 | | 1.44 | 480.15 | 16,969.43 | 601.61 | 89.18 | (3,754.76) | 3,970.93 | 1,353.47 | (612.05) | 26.03 | 4,714.28 | (98.13) | 23,741.58 | 1,546.48 | 25,288.06 |
| Adjustments pursuant to adoption of IND AS 115, (net of tax) | | - | - | - | - | - | - | (610.86) | - | - | - | - | - | (610.86) | (15.73) | (626.59) |
| Adjusted balance as at April 1, 2018 | | 1.44 | 480.15 | 16,969.43 | 601.61 | 89.18 | (3,754.76) | 3,970.93 | 742.61 | (612.05) | 26.03 | 4,714.28 | (98.13) | 23,130.72 | 1,530.75 | 24,661.47 |
| Profit for the year | | - | - | - | - | - | - | 3,246.18 | - | - | - | - | - | 3,246.18 | 52.57 | 3,298.75 |
| Other comprehensive income for the year (net of tax) | | - | - | - | - | - | - | - | - | 10.44 | (211.82) | (425.48) | (7.41) | (694.27) | (1.72) | (635.99) |
| Total comprehensive income | | - | - | - | - | - | - | 3,246.18 | - | 10.44 | (211.82) | (425.48) | (7.41) | 2,611.91 | 50.85 | 2,662.76 |
| Pursuant to business combinations | 39 | - | - | - | - | - | (85.37) | - | - | - | - | - | (2.92) | (88.29) | 31.45 | (56.84) |
| Pursuant to acquisition of non-controlling interest in subsidiary | 39 | - | 78.11 | - | - | - | - | - | - | - | - | - | - | 78.11 | (101.19) | (23.08) |
| Pursuant to disposal / allotment of shares to non-controlling interests | | - | - | - | - | - | - | - | - | - | - | - | - | 15.46 | 17.20 | 32.66 |
| Dividend (including tax on dividend) | | - | - | - | - | - | - | (179.10) | - | - | - | - | - | (179.10) | (6.01) | (185.11) |
| Issue of shares on exercise of stock options | 45 | (1.44) | - | 31.38 | - | (16.43) | - | - | - | - | - | - | - | 13.51 | - | 13.51 |
| Transferred to general reserve on stock options lapse | | - | - | - | - | (6.28) | - | 6.28 | - | - | - | - | - | - | - | - |
| Employee stock compensation expenses (including expenses pertaining to discontinued operations) | 45 | - | - | - | - | 9.23 | - | - | - | - | - | - | - | 9.23 | - | 9.23 |

Consolidated Statement of Changes in Equity

For the year ended March 31, 2020

| Particulars | Notes | ₹ in Million | | | | | | | | | | Total | | | | |
|---|-------|---|-----------------|--------------------|----------------------------|-----------------------------------|---------------------------------------|-----------------|-------------------|----------------------------------|---------------------------|----------|--------------------------------------|--|--|---------------------------|
| | | Share application money pending allotment | Capital reserve | Securities premium | Capital redemption reserve | Share options outstanding account | Equity for gross obligation liability | General reserve | Retained earnings | FVOCI equity investments reserve | Cash flow hedging reserve | | Foreign currency translation reserve | Remeasurement of the defined benefit liabilities / (asset) | Equity attributable to owners of the Company | Non-controlling interests |
| Balance as at March 31, 2019 | | - | 573.72 | 17,000.81 | 601.61 | 75.70 | (3,840.13) | 3,977.21 | 3,809.69 | (601.61) | (185.79) | 4,288.80 | (108.46) | 25,591.55 | 1,529.54 | 27,121.09 |
| Adjustments pursuant to adoption of IND AS 116, (net of tax) | | - | - | - | - | - | - | (266.35) | - | - | - | - | - | (266.35) | - | (266.35) |
| Adjusted balance as at April 1, 2019 | | - | 573.72 | 17,000.81 | 601.61 | 75.70 | (3,840.13) | 3,977.21 | 3,543.34 | (601.61) | (185.79) | 4,288.80 | (108.46) | 25,325.20 | 1,529.54 | 26,854.74 |
| Profit for the year | | - | - | - | - | - | - | 363.91 | - | - | - | - | - | 363.91 | (57.95) | 305.96 |
| Other comprehensive income for the year (net of tax) | | - | - | - | - | - | - | - | - | (101.47) | (377.52) | 894.96 | (37.45) | 378.52 | (7.82) | 370.70 |
| Total comprehensive income | | - | - | - | - | - | - | 363.91 | - | (101.47) | (377.52) | 894.96 | (37.45) | 742.43 | (65.77) | 676.66 |
| Pursuant to acquisition of non-controlling interest in subsidiary | 39 | - | (148.26) | - | - | - | - | - | - | - | - | - | - | (148.26) | 3.17 | (145.09) |
| Pursuant to disposal / allotment of shares to non-controlling interests | | - | - | - | - | - | - | - | - | - | - | - | - | - | (794.34) | (794.34) |
| Dividend (including tax on dividend) | | - | - | - | - | - | - | (1,563.02) | - | - | - | - | - | (1,563.02) | (9.49) | (1,572.51) |
| Issue of shares on exercise of stock options | | - | - | 7.56 | - | (2.92) | - | - | - | - | - | - | - | - | - | 4.64 |
| Transferred to general reserve on stock options lapse | | - | - | - | - | (33.07) | - | 33.07 | - | - | - | - | - | - | - | - |
| Employee stock compensation expenses | 45 | - | - | - | - | 17.53 | - | - | - | - | - | - | - | 17.53 | - | 17.53 |
| Pursuant to exchange movement | | - | - | - | - | - | - | - | - | - | - | - | - | - | 9.27 | 9.27 |
| Balance as at March 31, 2020 | | - | 425.46 | 17,008.37 | 601.61 | 57.24 | (3,840.13) | 4,010.28 | 2,344.23 | (703.08) | (563.31) | 5,183.76 | (145.91) | 24,378.52 | 672.38 | 25,050.90 |

The accompanying notes are an integral part of the consolidated financial statements for and on behalf of Board of Directors of Strides Pharma Science Limited

As per our report of even date attached for **BSR & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Sampad Guha Thakurta
Partner
Membership No.: 060573
Bengaluru, May 20, 2020

Dr. R. Ananthanarayanan
Managing Director & CEO
DIN : 02231540

Badree Komandur
Executive Director-Finance & Group CFO
DIN: 07803242

Consolidated Statement of Cash Flow

For the year ended March 31, 2020

| | ₹ in Million | |
|--|-------------------|-------------------|
| | 31-Mar-20 | 31-Mar-19 |
| Cash flow from operating activities | | |
| Profit before tax from: | | |
| Continuing operations | 546.80 | 623.96 |
| Discontinued operations | (61.72) | 2,819.69 |
| | 485.08 | 3,443.65 |
| Adjustments for: | | |
| - Depreciation and amortisation expense | 1,877.91 | 1,718.49 |
| - Share of loss of joint ventures and associates | 1,077.26 | 483.20 |
| - (Profit)/ loss on sale of property, plant and equipment and other intangible assets (net) | 53.05 | (11.34) |
| - Share based compensation expense | 17.53 | 8.97 |
| - Unwinding of discount on gross obligations over written put options to NCI | 9.40 | 27.77 |
| - Cancellation gross obligations over written put options to NCI | (1,092.94) | - |
| - Unwinding of discount on contingent consideration payable | 53.57 | 42.56 |
| - Fair valuation of derivative instruments | 3.78 | (66.11) |
| - Interest expense on borrowings & others | 1,876.45 | 2,053.36 |
| - Interest and dividend income | (427.54) | (307.14) |
| - Gain on disposal of assets / settlement of liabilities attributable to the discontinued operations (net) (Refer note 40) | (122.44) | (2,723.10) |
| - Rental income from investment property | (74.61) | (94.67) |
| - Bad debts written off / provision for doubtful trade and other receivables | 114.74 | 57.95 |
| - Impairment of goodwill | 94.89 | 370.00 |
| - Restructuring and divestment related expenses | 99.56 | 183.18 |
| - Write down of inventory and other assets | 1,131.12 | - |
| - Loss on sale of investment in subsidiaries (Refer note 40.3) | - | 14.35 |
| - Fair valuation on investment in associates (Refer note 40.4) | - | (587.94) |
| - Fair valuation gain on acquisition of controlling shares in Vivimed Life Sciences India Private Limited (Refer note 39) | - | (270.39) |
| - Net unrealised exchange loss / (gain) | 583.14 | 46.78 |
| Operating profit before working capital changes | 5,759.95 | 4,389.57 |
| Changes in working capital | | |
| (Increase) / Decrease in trade and other receivables | (1,591.07) | (1,724.39) |
| Decrease / (Increase) in inventories | (1,625.24) | (3,055.49) |
| (Decrease) / Increase in trade and other payables | (45.99) | 1,548.47 |
| Net change in working capital | (3,262.30) | (3,231.41) |
| Cash generated from operations | 2,497.65 | 1,158.16 |
| Income taxes paid | (449.78) | (557.61) |
| Net cash flow generated from operating activities | 2,047.87 | 600.55 |
| Cash flow from investing activities | | |
| Capital expenditure for property, plant and equipment and intangible assets, including capital advance | (1,500.02) | (3,290.78) |
| Proceeds from sale of property, plant and equipment and intangible assets | 36.75 | 126.72 |
| Short-term investments in funds | - | (1,304.63) |
| Purchase of long-term investments including investment in associates | (1,101.07) | (750.00) |
| Consideration paid towards acquisition of non-controlling interest in subsidiary and business combinations, net of cash acquired (Refer note 39) | (272.26) | (700.56) |
| Proceeds from sale of investment in mutual funds | 1,779.65 | 1,585.36 |
| Proceeds from sale of long-term investments including discontinued operations, net of expenses and cash (Refer note 40) | 12,894.46 | 4,269.75 |
| Loan (given) to others | (210.69) | (539.67) |
| Loan recovered from others | 250.00 | - |
| Rent deposit received / (given) | (12.10) | 0.08 |
| Proceeds / (investment) in fixed deposits with maturity of more than 3 months, net | 884.92 | (1,023.69) |

Consolidated Statement of Cash Flow

For the year ended March 31, 2020

| | ₹ in Million | |
|---|--------------------|-------------------|
| | 31-Mar-20 | 31-Mar-19 |
| Rental income from investment property | 80.07 | 97.88 |
| Interest and dividends received (net of tax on dividend) | 231.88 | 44.61 |
| Net cash flow generated from / (utilised in) investing activities | 13,061.59 | (1,484.93) |
| Cash flow from financing activities | | |
| Proceeds from issue of equity shares | 4.80 | 14.00 |
| Proceeds from long-term borrowings | 686.12 | 2,051.25 |
| Repayment of long-term borrowings | (13,740.18) | (302.35) |
| Net (decrease) / increase in working capital and short-term borrowings | (442.07) | 2,327.17 |
| Lease payments | (347.23) | - |
| Dividends paid (net of tax on dividend) | (1,538.95) | (179.46) |
| Proceeds from issue of shares to minority shareholders | 0.62 | 32.65 |
| Dividend paid to minority shareholders | (9.49) | (6.01) |
| Interest paid on borrowings (Refer note (ii) below) | (1,708.11) | (1,994.58) |
| Net cash (utilised in) / generated from financing activities | (17,094.49) | 1,942.67 |
| Net (decrease) in cash and cash equivalents | (1,985.03) | 1,058.29 |
| Cash and cash equivalents at the beginning of the year | 3,658.89 | 2,561.62 |
| Effect of exchange differences on restatement of foreign currency cash and cash equivalents | 148.48 | 38.98 |
| Cash and cash equivalents at the end of the year * | 1,822.34 | 3,658.89 |
| * Comprises: | | |
| Cash on hand | 2.43 | 2.65 |
| Balance with banks: | | |
| - In current accounts | 1,467.44 | 3,226.36 |
| - In Escrow account | - | 2.00 |
| - In deposit accounts | 264.06 | 50.59 |
| - Funds-in-transit | 88.41 | 377.29 |
| Total | 1,822.34 | 3,658.89 |

Notes:

- (i) The consolidated cash flow statement reflects the combined cash flows pertaining to continuing and discontinued operations. Refer note 40 for cash flows from discontinued operations.
- (ii) Interest paid is inclusive of borrowing cost capitalised on property, plant and equipment ₹ 22.20 Million (Previous year ₹ 217.39 Million).

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

As per our report of even date attached **for and on behalf of Board of Directors of Strides Pharma Science Limited**

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

Dr. R. Ananthanarayanan
Managing Director & CEO
DIN : 02231540

Badree Komandur
Executive Director-Finance & Group CFO
DIN: 07803242

Sampad Guha Thakurta
Partner
Membership No.: 060573
Bengaluru, May 20, 2020

Manjula R.
Company Secretary
Membership No.: A30515

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2020

Note No.01 General information

Strides Pharma Science Limited (the 'Company' or 'Strides') and its subsidiaries (together referred to as the 'Group') are into the development and manufacture of pharmaceutical products. The Group has its registered office situated at 201, Devavrata, Sector 17, Vashi, Navi Mumbai – 400703, with corporate office in Bengaluru, India and operates across many countries spreading across developed and emerging markets. The Company has changed its name from Strides Shasun Limited to Strides Pharma Science Limited with effect from July 18, 2018. Strides is listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India.

Note No.02 Basis of preparation of consolidated financial statements

2.1 Statement of compliance

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

These consolidated Ind AS financial statements ('consolidated financial statements') were approved by the Board of Directors and authorised for issue on May 20, 2020.

As of 31 March 2020, the Group's consolidated current liabilities exceed its current assets and it has provided certain guarantees in relation to the borrowings of its Associates. However, the Group, based on the fact that it has generated positive operating cash flows in current year and expects to continue in future periods and its ability to raise new financing facilities / replace existing facilities, believes it will be able to continue to generate sufficient cash to meet its obligations as they fall due. Also refer to Note 57 for impact of COVID

2.2 Functional and presentation currency

These consolidated 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.

2.3 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items:

- Certain financial assets and liabilities (including derivative instruments) are measured at fair value;

- Net defined benefit assets/(liability) are measured at fair value of plan assets, less present value of defined benefit obligations; and
- Equity settled share based payments that are measured at fair value

2.4 Basis of consolidation

The consolidated financial statements includes the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2020

acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

The financial statements of the Group are consolidated on line-by-line basis. Intra-group transactions, balances and any unrealised gains arising from intra-group transactions, are eliminated. Unrealised losses are eliminated, but only to the extent that there is no evidence of impairment. All temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions are recognised as per Ind AS 12 Income Taxes.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in statement of profit and loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to statement of profit and loss or transferred to another category of equity as specified/permitted by applicable Ind AS). The fair value of any investment retained in the

former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Refer note 50 for details of subsidiaries considered in these consolidated financial statements.

2.5 Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

2.5.1 Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 2.2 — Assessment of functional currency;
- Note 3.5 — Revenue recognition: whether revenue from sale of product and services is recognised overtime or at a point of time;
- Note 3.18 and 51 — Financial instruments;
- Note 3.12, 3.13 and 3.14— Useful lives of property, plant and equipment, intangible assets and investment property;
- Note 46 — measurement of defined benefit obligation; key actuarial assumptions;
- Note 45 — Share based payments;
- Note 3.11 and 42— Provision for income taxes and related tax contingencies and evaluation of recoverability of deferred tax assets;
- Note 3.15 — Impairment testing for non financial assets.

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2.5.2 Control over subsidiaries

The following entities are considered subsidiaries of the Group even though the Group and non-controlling interests have about 50% of the ownership interest and the voting rights in such entities:

| Name of the entities | Proportion of ownership interest and voting power held by the Group | |
|---|---|----------------|
| | March 31, 2020 | March 31, 2019 |
| 1. Generic Partners Pty Limited | 0% | 51% |
| 2. Generic Partners Holding Co. Pty Limited | 0% | 51% |
| 3. Generic Partners (International) Pte Limited | 100% | 51% |
| 4. Generic Partners (Canada) Inc | 100% | 51% |
| 5. Generic Partners (M) SDN BHD | 0% | 51% |
| 6. Generic Partners (NZ) Limited | 0% | 51% |
| 7. Pharmacy Alliance Pty Limited | 0% | 51% |
| 8. Alliance Pharmacy Pty Ltd, Australia | 0% | 51% |
| 9. Pharmacy Alliance Group Holdings Pty Ltd | 0% | 51% |
| 10. Smarterpharm Pty Limited | 0% | 51% |
| 11. Universal Corporation Limited | 51% | 51% |
| 12. Trinity Pharma (Pty) Limited | 51.76% | 51.76% |
| 13. Apollo Life Sciences Holdings (Pty) Limited | 51.76% | 51.76% |

The management of the Group assessed whether or not the Group has control over the above mentioned entities based on whether the Group has the practical ability to direct the relevant activities of such entities unilaterally. Based on such assessment, the directors concluded that the Group has sufficient management rights to unilaterally direct the relevant activities of such entities and therefore the Group has control.

2.6 Assumption and estimation uncertainty

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

2.6.1 Impairment of non-financial assets

Determining whether the asset is impaired requires to assess the recoverable amount of the asset or Cash Generating Unit (CGU) which is compared to the carrying amount of the asset or CGU, as applicable. Recoverable amount is the higher of fair value less costs of disposal and value in use. Where the carrying amount of an asset or CGU exceeds the recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit

and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

2.6.2 Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

2.6.3 Useful lives of property, plant and equipment, Intangible assets and Investment property

The Group reviews the useful life of property, plant and equipment at the end of each reporting period. This assessment may result in change in the depreciation expense in future periods.

2.6.4 Employee benefits

The cost of defined benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected, future salary increases, attrition rate and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

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2.6.5 Share based compensation to employees

The Company has granted share based payment plans to its employees. Valuation models are used to calculate the expense for such share-based compensation to employees. These models require a number of assumptions to be made as input. These include financial assumptions as well as various assumptions around individual employee behaviour.

2.6.6 Litigations

As explained in note 42, the Group is a party to certain commercial disputes and has also received notification of claims for significant amounts. There are number of factors that may affect the ultimate outcome in respect of this matter and accordingly, it is difficult to assess the impact of these disputes with accuracy.

2.7 Operating cycle

As mentioned in para 1 above under 'Corporate information', the Group is into development and manufacture of pharmaceutical products. Based on the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 3 years to 5 years and 12 months relating to research and development activities and manufacturing of pharmaceutical products respectively. The above basis is used for classifying the assets and liabilities into current and non-current as the case may be.

2.8 Cash flow statement

Cash flows are reported using indirect method, whereby net profits 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 and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Group are segregated.

3 Significant accounting policies

3.1 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange of control of the acquiree. Acquisition-related costs are generally recognised in statement of profit and loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 **Income Taxes** and Ind AS 19 **Employee Benefits** respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 **Share-based Payment** at the acquisition date (see note 3.10.2); and
- assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 **Non-current Assets Held for Sale and Discontinued Operations** are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

In case of a bargain purchase, before recognising a gain in respect thereof, the Group determines whether there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. Thereafter, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognises any additional assets or liabilities that are identified in that reassessment. The Group then reviews the procedures used to measure the amounts that Ind AS requires for the purposes of calculating the bargain purchase. If the gain remains after this reassessment and review, the Group recognises it in other comprehensive income and accumulates the same in equity as capital reserve. This gain is attributed to the acquirer. If there does not exist clear evidence of the underlying reasons for classifying the business combination as a bargain purchase, the Group recognises the gain, after reassessing and reviewing (as described above), directly in equity as capital reserve.

Non-controlling interests that are present ownership interests and entitle their holders to a

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proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Ind AS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill or capital reserve, as the case maybe. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at fair value at subsequent reporting dates with the corresponding gain or loss being recognised in statement of profit and loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in statement of profit and loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to statement of profit and loss where such treatment would be appropriate if that interest were disposed of.

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 during the measurement period (see above), 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 recognised at that date.

3.2 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to cash-generating units. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which such goodwill arose.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit 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 based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described at note 3.3 below.

3.3 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Distributions received from an associate or a joint venture reduce the carrying amount of the investment. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

After application of the equity method of accounting, the Group determines whether there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate or a joint venture and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Group's investment in an associate or a joint venture.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36

Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to statement of profit and loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to statement of profit and loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to statement of profit and loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to statement of profit and loss on the disposal of the related assets or liabilities.

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When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3.4 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with Ind AS 109 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

3.5 Revenue from contracts with customers

The Group 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

3.5.1 Sale of goods

Revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised good refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognised (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as sales tax or other taxes directly linked to sales. If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based on their relative stand-alone selling prices. Revenue from product sales are recorded net of allowances for estimated rebates, cash discounts and estimates of product returns, all of which are established at the time of sale.

The consideration received by the Group in exchange for its goods may be fixed or variable. Variable consideration is only recognised when it is considered highly probable that a significant revenue reversal will not occur once the underlying uncertainty related to variable consideration is subsequently resolved.

Profit share revenues

The Group from time to time enters into marketing arrangements with certain business partners for the sale of its products in certain markets. Under such arrangements, the Group sells its products to the business partners at a base purchase price agreed upon in the arrangement and is also entitled

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to a profit share which is over and above the base purchase price. The profit share is typically dependent on the business partner's ultimate net sale proceeds or net profits, 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 is an amount equal to the base purchase price is recognised in these transactions upon delivery of products to the business partners. An additional amount representing the profit share component is recognised as revenue in the period which corresponds to the ultimate sales of the products made by business partners only when the collectability of the profit share becomes probable and a reliable measurement of the profit share is available. Otherwise, recognition is deferred to a subsequent period pending satisfaction of such collectability and measurability requirements. In measuring the amount of profit share revenue to be recognised for each period, the Group uses all available information and evidence, including any confirmations from the business partner of the profit share amount owed to the Group, to the extent made available before the date the Company's Board of Directors authorises the issuance of its financial statements for the applicable period.

Sale to Distributors

The Group appoints distributors in various territories who purchases the goods from the Group and thereafter sells them in the territory. In case the distributor is acting as an agent, the Group defers revenue recognition till the time goods are sold by the distributor to the end customer. On the other hand, if the distributor is principal, revenue is recognised upon the transfer of significant risks and rewards of ownership of the goods to the distributor.

Right to reject or return goods

The Group sells its products to the customers with a right to return the goods within the specified period of time. If the probability of acceptance by the customer is uncertain, recognition of revenue is deferred till the expiry of right to return or acceptance by the customer whichever is earlier.

Free samples

The Group distributes free samples to distributors, at various exhibitions and at medical conferences. The cost of samples distributed at exhibitions, medical conferences or to doctors directly are treated as marketing expense and clubbed under

"Business Promotion Expense". However, free samples given to distributors (that are not acting as agents) is recognised as cost of goods sold. In case the free samples are not delivered at the same time as the related sales consignment, a reliable provision is made in this regard.

Price Variations / Incentives

Incentives are accounted based on the assessment of whether the beneficiary (of the incentive) is acting as a principal or an agent. Where the beneficiary is a principal, the incentive is regarded as consideration paid to the customer and is reduced from revenue. However, where the beneficiary is an agent, the incentive payment is recognised as an expense as the same is in the nature of commission.

Chargebacks / Reptos claims by the wholesalers / distributors and Price Protections

Chargebacks and reptos claims are estimated on the basis of the average trend of the past years and recognised as reduction to revenue.

3.5.2 Rendering of services

Revenue from services rendered, which primarily relate to contract research, is recognised in the consolidated statement of profit and loss as the underlying services are performed. Upfront payments received under these arrangements are deferred and recognised as revenue over the expected period over which the related services are expected to be performed.

3.5.3 Royalty, sale of licenses and Intellectual property rights

The Group enters into certain dossier sales, royalties, licensing and supply arrangements with various parties. Income from licensing arrangements is generally recognised over the term of the contract. Some of these arrangements include certain performance obligations by the Group. Revenue from such arrangements is recognised in the period in which the Group completes all its performance obligations.

3.5.4 Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding

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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.

3.5.5 Rental income

The Group's policy for recognition of revenue from operating leases is described in note 3.6.1 below.

3.5.6 Export Incentives

Export incentives are accrued for based on fulfilment of eligibility criteria for availing the incentives and when there is no uncertainty in receiving the same. These incentives include estimated realisable values/benefits from special import licenses and benefits under specified schemes as applicable.

3.6 Leases

The Group has applied Ind AS 116 Leases using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17, Leases. The details of accounting policies under Ind AS 17 Leases are disclosed separately.

Policy applicable from 1 April 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in Ind AS 116. This policy is applied to contracts entered into, on or after 1 April 2019.

3.6.1 The Group as lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether

the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group recognises lease payments received under operating leases as income on a straightline basis over the lease term.

3.6.2 The Group as lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative standalone prices. However, for the leases of property the group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot

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be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company's significant leasing arrangements are mainly in respect of factory land and buildings, residential and office premises.

Transition

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease 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 has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Group has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 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. The Group has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Group has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Group recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use

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asset of ₹ 1621.43 Million and a corresponding lease liability of ₹ 1,920.20 Million has been recognised. The cumulative effect on transition in retained earnings net off taxes is ₹ 266.35 Million. The principal portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities. The incremental borrowing rate of 6% to 9% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

Policy applicable before 1 April 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation.

Lease payments are apportioned between finance costs and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognised immediately in statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3.7 Foreign currencies transactions and translation

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity'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 carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit and loss in the period in which they arise except for:

- exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets, are capitalised as cost of assets, and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), are recognised initially in other comprehensive income and reclassified from equity to statement of profit and loss on repayment of the monetary items. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity, will be reclassified from equity to statement of profit and loss when the gain or loss on disposal is recognised.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

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On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to the statement of profit and loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in statement of profit and loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to the statement of profit and loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

3.8 Borrowing costs

Borrowing costs include:

- (i) interest expense calculated using the effective interest rate method,
- (ii) finance charges in respect of finance leases, and
- (iii) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in statement of profit and loss in the period in which they are incurred.

3.9 Employee benefits

3.9.1 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.

3.9.2 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) and the return on plan assets (excluding net interest), 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.

The retirement benefit obligation recognised in the consolidated balance sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

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.

3.9.3 Compensated absences

The Group 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

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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.

3.10 Share-based payment arrangements

3.10.1 Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

3.10.2 Share-based payment transactions of the acquiree in a business combination

When the share-based payment awards held by the employees of an acquiree (acquiree awards) are replaced by the Group's share-based payment awards (replacement awards), both the acquiree awards and the replacement awards are measured in accordance with Ind AS 102 ("market-based measure") at the acquisition date. The portion of the replacement awards that is included in measuring the consideration transferred in a business combination equals the market-based measure of the acquiree awards multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquiree award. The excess of the market-based measure of the replacement awards over the market-based measure of the acquiree awards included in measuring the consideration transferred is recognised as remuneration cost for post-combination service.

However, when the acquiree awards expire as a consequence of a business combination and the Group replaces those awards when it does not have an obligation to do so, the replacement awards

are measured at their market-based measure in accordance with Ind AS 102. All of the market-based measure of the replacement awards is recognised as remuneration cost for post-combination service.

At the acquisition date, when the outstanding equity-settled share-based payment transactions held by the employees of an acquiree are not exchanged by the Group for its share-based payment transactions, the acquiree share-based payment transactions are measured at their market-based measure at the acquisition date. If the share-based payment transactions have vested by the acquisition date, they are included as part of the non-controlling interest in the acquiree. However, if the share-based payment transactions have not vested by the acquisition date, the market-based measure of the unvested share-based payment transactions is allocated to the non-controlling interest in the acquiree based on the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the share-based payment transaction. The balance is recognised as remuneration cost for post-combination service.

3.11 Taxation

Income tax expense represents the sum of the current tax payable and deferred tax.

3.11.1 Current tax

The current tax payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.11.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects

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neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences can be utilised and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set-off against future tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

Current and deferred tax are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business

combination, the tax effect is included in the accounting for the business combination.

3.11.2.1 Deferred Tax on Undistributed Earnings

When only a portion of undistributed earnings is remitted to the parent entity by its subsidiary, the parent recognises a deferred tax liability only for the portion of the undistributed earnings expected to be remitted in the foreseeable future.

3.11.2.2 Deferred Tax on Unrealised Profits

The intragroup elimination is made as a consolidation adjustment and not in the financial statements of any individual reporting entity. Therefore, the elimination will result in the creation of a temporary difference, as far as the group is concerned, between the carrying amount of the inventories in the consolidated financial statements and the tax base (assumed to be the carrying amount in the purchaser's individual financial statements). The deferred tax effects arising in respect of this temporary difference is recognised. The tax rate used while recognising the deferred tax balance arising from the elimination of unrealised profits on intragroup transactions is determined by reference to the tax rate in the purchaser's jurisdiction where the temporary difference will reverse.

3.12 Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the group. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The non refundable payments made with respect to Land taken on finance lease (where there is an option to purchase the same at the end of the lease period) is classified under Property, plant and Equipment as "Lease hold Land".

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Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Depreciation on property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed to be different and are as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

| | |
|-----------------------------------|------------|
| Dies and punches | : 4 years |
| Mobile phones | : 3 years |
| Certain factory buildings | : 18 years |
| Freehold land is not depreciated. | |

Depreciation on property, plant and equipment of the Group's foreign subsidiaries has been provided on straight-line method as per the estimated useful life of such assets as follows:

| | |
|---|------------------------|
| Building | : 20 years to 30 years |
| General plant and machinery | : 5 years to 20 years |
| Furniture and fixtures | : 5 years to 16 years |
| Office equipment | : 5 years to 6 years |
| Motor vehicles | : 8 years |
| Computers and data processing equipment | : 3 years to 6 years |

Freehold land is not depreciated.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Individual assets costing less than ₹5,000 are depreciated in full in the year of purchase.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit and loss.

When an item of property, plant and equipment is acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets, the cost of that item is measured at fair value (even if the entity cannot immediately derecognise the asset given up) unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up.

3.13 Investment property

Properties that is held for long-term rentals or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of the investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are depreciated using the straight line method over their estimated useful lives. Investment properties generally have a useful life of 25-40 years. The useful life has been determined based on technical evaluation performed by the management's expert.

3.14 Intangible assets

3.14.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each reporting period,

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with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

3.14.2 Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in statement profit and loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.14.3 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.14.4 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in statement of profit and loss when the asset is derecognised.

3.14.5 Useful lives of intangible assets

Intangible assets are amortised over their estimated useful life on straight line method as follows:

| | |
|-------------------------|------------------------|
| Registration and Brands | : 10 years to 25 years |
| Software Licenses | : 5 years |

Customer/supply contracts are amortised over the period of the contract or useful life, whichever is less.

3.15 Impairment of assets

3.15.1 Impairment of financial assets:

The Group assesses at each date of balance sheet, whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Group recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the twelve-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly, since initial recognition.

3.15.2 Impairment of goodwill and investments in associates and joint ventures:

Refer notes 3.2 and 3.3.

3.15.3 Impairment of non-financial assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount

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of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in statement of profit and loss.

3.16 Inventories

Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads. Cost is determined as follows:

Raw materials, packing materials, stores and spares: weighted average basis

Work-in progress: at material cost and an appropriate share of production overheads

Finished goods: material cost and an appropriate share of production overheads, wherever applicable

Stock-in trade: weighted average basis

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

3.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.17.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

3.17.2 Contingent liabilities

Contingent liabilities are disclosed in notes when there is a possible obligation 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.

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3.18 Financial instruments

3.18.1 Financial assets and financial liabilities

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Initial recognition and measurement:

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in statement of profit and loss.

Subsequent measurement:

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The Group has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of equity instruments in Outlook Therapeutics Inc. which is not held for trading.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it measured at amortised cost or fair value through other comprehensive income on initial recognition. The transaction cost directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in the statement of profit and loss.

Financial liabilities

Financial liabilities are measured at amortised cost using effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

3.18.2 Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Group are recognised at the proceeds received net off direct issue cost.

3.18.3 Derivative financial instruments and hedge accounting

The Group uses various derivative financial instruments such as interest rate swaps, currency swaps and forward contracts to mitigate the risk of changes in interest rates and foreign exchange rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are also subsequently measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit and loss, except for the effective portion of cash flow hedges which is recognised in Other Comprehensive Income and later to the statement of profit and loss when the hedged item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial assets or non-financial liability.

Hedges that meet the criteria for hedge accounting are accounted for as follows:

a) Cash flow hedge

The Group designates derivative contracts or non derivative financial assets / liabilities as hedging instruments to mitigate the risk of movement in interest rates and foreign exchange rates for foreign exchange exposure on highly probable future cash flows attributable to a recognised asset or liability or forecast cash transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in the cash flow hedging reserve being part of other comprehensive income. Any ineffective portion of changes in the fair value of the derivative is recognised immediately

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in the statement of profit and loss. If the hedging relationship no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognised in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the underlying transaction occurs. The cumulative gain or loss previously recognised in the cash flow hedging reserve is transferred to the statement of profit and loss upon the occurrence of the underlying transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified in the statement of profit and loss.

b) Fair value hedge

The Group designates derivative contracts or non derivative financial assets / liabilities as hedging instruments to mitigate the risk of change in fair value of hedged item due to movement in interest rates, foreign exchange rates and commodity prices.

Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are recorded in the statement of profit and loss. If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to statement of profit and loss over the period of maturity.

3.18.4 Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated under the heading of foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in statement of profit and loss, and is included in the 'Other income' line item.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to statement of profit and loss on the disposal of the foreign operation.

3.18.5 Written put options issued to the non-controlling interests:

The Group has issued written put option to non-controlling interests in certain subsidiaries of the Group in accordance with the terms of underlying

agreement with such option holders. Should the option be exercised, the Group has to settle such liability by payment of cash.

Accounting on initial recognition:

The amount that may become payable under the option on exercise is recognised as a financial liability at its present value with a corresponding charge directly to the shareholders' equity.

Subsequent measurement:

The liability is subsequently accreted through finance charges recognised under exceptional items in the statement of profit and loss upto the redemption amount that is payable at the date on which the option first becomes exercisable. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

3.19 Exceptional items

When an item of income or expense within profit or loss from ordinary activity is of such size, nature or incidence that their disclosure is relevant to explain the performance of the Group for the year, the nature and amount of such items are disclosed as exceptional items.

3.20 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and cash at banks, demand deposits and short-term deposits with an original maturity of three months or less, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of our cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.21 Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share

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or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented in case of share splits.

3.22 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chairperson

and Managing Director of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the Chief Operating Decision Maker (CODM). All operating segments' operating results are reviewed regularly by the CODM to make decisions about resources to be allocated to the segments and assess their performance.

3.23 Standards / amendments not yet effective

Ministry of Corporate Affairs ('MCA') notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

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Note No.04 Property, plant and equipment

| Particulars | Gross block | | | | | Accumulated depreciation | | | | | Net block | | | | |
|------------------------|---------------------|---------------------------|---------------------------|---|---|---------------------------------|--|----------------------|---------------------|--|---------------------------|---|---------------------------------|----------------------|----------------------|
| | As at April 1, 2019 | Additions during the year | Disposals during the year | Acquisition through business combinations referred in note 39 | Derecognised on disposal of business as referred in note 40 | Reclassification of Ind AS 116) | Classified as Held for sale as referred in note (iv) below | As at March 31, 2020 | As at April 1, 2019 | Effects of foreign currency exchange differences and regroupings | Depreciation for the year | Eliminated on disposals of assets referred in note 40 | Reclassification of Ind AS 116) | As at March 31, 2020 | As at March 31, 2019 |
| Freehold Land | 1,003.79 | 0.88 | - | - | 15.00 | - | 989.67 | - | - | - | - | - | - | 989.67 | 1,003.79 |
| Leasehold Land | 918.06 | (31.71) | - | 117.44 | - | - | 1,003.79 | - | - | - | - | - | - | 1,003.79 | 918.06 |
| Buildings | 49.86 | - | - | - | - | - | 49.86 | - | - | - | - | - | - | 49.86 | 49.86 |
| Plant and equipments | 48.14 | 1.72 | - | - | - | - | 49.86 | - | - | - | - | - | - | 49.86 | 48.14 |
| Furniture and fixtures | 2,724.04 | 83.28 | 128.64 | - | 67.79 | - | 2,868.17 | 360.36 | 6.84 | 133.93 | 40.97 | - | 460.16 | 2,408.01 | 2,363.68 |
| Vehicles | 2,146.68 | (134.02) | 817.51 | 1.04 | 254.44 | - | 2,724.04 | 308.48 | (32.15) | 94.34 | 10.19 | - | 360.36 | 2,363.68 | 1,838.20 |
| Office equipments | 7,910.83 | 315.35 | 815.43 | 60.23 | - | - | 8,981.38 | 1,608.82 | 48.53 | 765.74 | 36.55 | - | 2,386.54 | 6,594.84 | 6,302.01 |
| | 4,395.11 | 58.24 | 3,637.82 | 23.25 | 518.34 | - | 7,910.83 | 1,087.27 | 31.77 | 533.41 | 14.89 | 28.74 | 1,608.82 | 6,302.01 | 3,307.84 |
| | 274.00 | 8.75 | 41.55 | 0.27 | 33.88 | - | 290.15 | 99.96 | 2.03 | 28.13 | 0.09 | 14.93 | 115.10 | 175.05 | 174.04 |
| | 191.07 | 1.42 | 72.65 | 0.01 | 12.40 | - | 274.00 | 85.77 | 0.87 | 13.96 | - | 0.64 | 99.96 | 174.04 | 105.30 |
| | 82.80 | 3.55 | 10.55 | 12.47 | - | - | 79.89 | 36.18 | 2.09 | 9.82 | 7.27 | 3.92 | 36.90 | 42.99 | 46.62 |
| | 71.02 | 3.29 | 7.63 | - | 0.86 | - | 82.80 | 23.65 | 0.04 | 12.49 | - | - | 36.18 | 46.62 | 47.37 |
| | 802.98 | 16.14 | 167.16 | 1.52 | - | (87.99) | 840.90 | 369.28 | 6.96 | 146.27 | 0.70 | 41.66 | 414.11 | 426.79 | 433.70 |
| | 621.76 | 3.94 | 179.17 | 0.80 | 19.75 | 20.84 | 802.98 | 238.61 | 1.94 | 129.68 | - | 0.95 | 369.28 | 433.70 | 383.15 |
| Total | 12,848.30 | 427.95 | 1,163.33 | 74.49 | - | 162.08 | 14,100.02 | 2,474.60 | 66.45 | 1,083.89 | 44.61 | 101.48 | (66.04) | 10,687.21 | 10,373.70 |
| Previous year | 8,391.84 | (98.84) | 4,716.50 | 25.10 | 661.05 | 797.15 | 12,848.30 | 1,743.78 | 2.47 | 783.88 | 15.02 | 40.52 | 2,474.60 | 10,373.70 | |

Notes:

- Figures in *italics* relate to previous year.
- The above assets, other than to the extent mentioned in notes (ii), are owned by the Group.
- In 2008, the Group had entered into a lease cum sale agreement with Karnataka Industrial Area Development Board for purchase of land under a lease cum sale agreement. The Group is in the process of transferring the said land in its name.
- The Board of Directors in their meeting held on September 20, 2019 approved the sale and transfer of the company's freehold land worth ₹ 15 million to Global Calcium Private Limited ('the buyer') for sale consideration of ₹ 75 Million. The sale deed favoring the Buyer is pending registration and accordingly the asset is classified as held for sale.
- Refer note 22 for details of property, plant and equipment pledged as security towards borrowings.

Note No.05 Leases

(i) Right-of-use assets

| Particulars | Gross block | | | | | Accumulated Amortisations | | | | | Net block | | |
|-------------------|---------------------|---|--|---------------------------|---|---------------------------|---------------------|---|---------------------------|----------------------|---------------------|----------------------|----------------------|
| | As at April 1, 2019 | Reclassification* (on adoption of Ind AS 116) | Effects of foreign currency exchange differences and regroupings | Additions during the year | Derecognised on disposal of business as referred in note 40 | As at March 31, 2020 | As at April 1, 2019 | Reclassification* (on adoption of Ind AS 116) | Amortisation for the year | As at March 31, 2020 | As at April 1, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| Buildings | 1,480.22 | 78.55 | 110.56 | 1,000.59 | - | 2,669.92 | - | - | 202.63 | 202.63 | 2,467.29 | 1,480.22 | 1,480.22 |
| Office equipments | 141.21 | 87.99 | - | - | (141.21) | 87.99 | - | 66.04 | 17.61 | 83.65 | 4.34 | 141.21 | 141.21 |
| Total | 1,621.43 | 166.54 | 110.56 | 1,000.59 | (141.21) | 2,757.91 | - | 66.04 | 220.24 | 286.28 | 2,471.63 | 1,621.43 | 1,621.43 |

* Reclassified from Property, plant and equipment and other assets as on 1 April, 2019

(ii) Lease Liabilities

| Particulars | March 31, 2020 | March 31, 2019 |
|-------------|-----------------|----------------|
| Current | 190.92 | 22.86 |
| Non-current | 2,538.33 | 0.47 |
| | 2,729.25 | 23.33 |

(iii) Amounts Recognised in the statement of Profit or Loss

| Particulars | March 31, 2020 |
|---|----------------|
| Amortisation Charge of Right-Of-Use asset | 202.63 |
| Buildings | 17.61 |
| Office Equipment | 220.24 |
| Total Depreciation | (25.91) |
| Less: Capitalised | 194.33 |
| Net Depreciation charged to statement of profit and loss | 164.66 |
| Interest Expense (Included in Finance Cost) | (22.20) |
| Less: Interest capitalised | 142.46 |
| Net Interest charged to statement of profit and loss | 42.80 |
| Other expenses relating to leases, not included in lease payments | |

(iv) Total cash outflow

| Particulars | March 31, 2020 |
|------------------|----------------|
| Buildings | 325.03 |
| Office equipment | 22.20 |
| | 347.23 |

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Note No.06 Investment property

| Particulars | Gross block | | Accumulated depreciation | | Net block | |
|----------------------|---------------------|----------------------|--------------------------|--|----------------------|----------------------|
| | As at April 1, 2019 | As at March 31, 2020 | As at April 1, 2019 | Depreciation for the year (Refer note (v) below) | As at March 31, 2020 | As at March 31, 2019 |
| Land | 147.27 | 147.27 | - | - | 147.27 | 147.27 |
| Building | 115.96 | 147.27 | - | - | 147.27 | 115.96 |
| | 820.68 | 820.68 | 194.21 | 45.72 | 580.75 | 626.47 |
| | 741.13 | 820.68 | 121.31 | 46.02 | 626.47 | 619.82 |
| Total | 967.95 | 967.95 | 194.21 | 45.72 | 728.02 | 773.74 |
| Previous year | 857.09 | 967.95 | 121.31 | 46.02 | 773.74 | 773.74 |

Notes:

(i) Figures in italics relates to previous year.

(ii) Details of assets given under an operating lease

| Particulars | Gross block | | Net block | |
|---------------|----------------|----------------|----------------|----------------|
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| Freehold Land | 147.27 | 147.27 | 147.27 | 147.27 |
| Buildings | 820.68 | 820.68 | 580.75 | 626.47 |
| Total | 967.95 | 967.95 | 728.02 | 773.74 |

(iii) Details of assets held by Trust and for capital appreciation and not given under lease:

| Particulars | Gross block | | Net block | |
|--------------|----------------|----------------|----------------|----------------|
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| Buildings | 7.72 | 7.72 | 4.45 | 4.94 |
| Total | 7.72 | 7.72 | 4.45 | 4.94 |

(iv) Fair value of investment properties

The fair value of the Company's investment properties as at March 31, 2020 has been arrived at ₹ 2,021 Million (previous year: ₹ 2,021 Million) on the basis of a valuation carried out by independent valuers. The said valuers are registered with the authority which governs valuers in India and have appropriate qualifications and relevant experience in the valuation of properties in the relevant locations.

The inputs used are as follows:

- Monthly market rent, taking into account the differences in location, and individual factors, such as frontage and size, between the comparables and the property; and
- Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition.

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(iv) Refer note 22 for details of investment properties pledged as security towards borrowings

(v) Subsequent to sale of SRC division referred to in note 40.1.1, the land and building has been leased out to Solara Active Pharma Sciences Limited, India. Hence, the same has been reclassified as investment property.

(vi) Amounts recognised in profit or loss for investment properties

| Particulars | ₹ in Million | |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Rental income | 74.61 | 94.67 |
| Depreciation Expense | (45.72) | (46.02) |
| Profit from investment properties | 28.89 | 48.65 |

Note No.07 Goodwill

| Particulars | As at April 1, 2019 | Effects of foreign currency exchange differences | Acquisition through business combinations | Derecognised on disposal of business as referred in note 40 | Impairment loss recognised in the year (Refer note (ii) below) | ₹ in Million |
|---------------|---------------------|--|---|---|--|----------------------|
| | | | | | | As at March 31, 2020 |
| Goodwill | 13,776.38 | 162.40 | - | (9,558.31) | (94.89) | 4,285.58 |
| Previous year | 10,826.93 | 226.81 | 3,107.71 | (15.07) | (370.00) | 13,776.38 |

Notes:

(i) Figures in *italics* relates to previous year.

(ii) Allocation of goodwill to cash generating units:

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:

- Australia
- United States of America
- Other regulated markets
- Emerging markets
- Institutional business

The carrying amount of goodwill (other than goodwill related to discontinued operations) are allocated to cash-generating units as follows:

| Cash generating units | ₹ in Million | |
|--------------------------|-----------------|------------------|
| | March 31, 2020 | March 31, 2019 |
| Australia | - | 9,648.76 |
| United States of America | 3,127.86 | 2,966.66 |
| Other regulated markets | 800.10 | 736.38 |
| Emerging markets | 357.62 | 328.39 |
| Institutional business | - | 96.19 |
| Total | 4,285.58 | 13,776.38 |

The recoverable amount of the above cash generating units have been determined based on 'value in use' model, where in the value of cash generating unit is determined as a sum of the net present value of the projected post tax cash flows for a period of 5 years and terminal value. The terminal value of each cash generating unit is arrived at by extrapolating cash flows of latest forecasted year to perpetuity using a constant long term growth rate. Key assumptions used for determining the said value in use of each cash generating unit is as follows:

| Key Assumptions | US | Other regulated markets | Emerging Markets | Institutional business |
|---|----------------|-------------------------|------------------|------------------------|
| Discount Rate | 9.12% - 13.25% | 8.46% - 16.57% | 11.04% | 15.82% |
| Growth Rate (used for determining Terminal Value) | 2% - 5% | 2% - 3% | 3% | 4% |

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The discount rates used are based on weighted average cost of capital.

The growth rates of the above cash generating units have been considered based on the market conditions prevalent in the countries that would fall in respective cash generating units.

The management believes that the projections used by the management for determining the “value in use” of cash generating units reflect past experience and external sources of information and any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit.

An analysis of the sensitivity of the computation to the change in key parameters (discount rate, profitability and growth rate), except for goodwill pertaining to Institutional business which has been fully impaired, based on reasonable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount.

During the current year, the Group has recognised impairment charge of ₹ 94.89 Million (previous year ₹ 370 Million) for goodwill pertaining to the Institutional business CGU based on the independent valuation report due to change in market conditions.

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Note No.08 Other intangible assets

| Particulars | Gross block | | | | | | Accumulated amortisation | | | | | | Net block | | | |
|-------------------------------|---------------------|--|---------------------------|---------------------------|---|---|--|----------------------|---------------------|--|---------------------------|-----------------------------------|--|--|----------------------|----------------------|
| | As at April 1, 2019 | Effects of foreign currency exchange differences | Additions during the year | Disposals during the year | Acquisition through business combinations referred in note 39 | Derecognised on disposal of business as referred in note 40 | Derecognised on loss of control as referred in note 40.4 | As at March 31, 2020 | As at April 1, 2019 | Effects of foreign currency exchange differences and regroupings | Amortisation for the year | Eliminated on disposals of assets | Eliminated on disposal of a business referred in note 40 | Derecognised on loss of control as referred in note 40.4 | As at March 31, 2020 | As at March 31, 2020 |
| - Internally generated: | | | | | | | | | | | | | | | | |
| - Registration and brands | 450.68 | - | - | - | - | - | 450.68 | 185.14 | - | 59.98 | - | - | - | - | 245.12 | 205.56 |
| - Others: | 402.88 | - | 47.80 | - | - | - | 450.68 | 125.16 | - | 59.98 | - | - | - | - | 185.14 | 265.54 |
| - Registration and brands | 12,030.23 | 587.76 | 645.04 | 70.69 | - | 10,728.26 | 2,464.08 | 1,670.90 | 152.69 | 305.82 | 45.90 | 1,516.54 | - | 566.97 | 1,897.11 | 10,359.33 |
| - Customer / Supply Contracts | 11,343.73 | 360.24 | 999.15 | 52.42 | 448.08 | 22.28 | 12,030.23 | 1,116.76 | 60.75 | 639.39 | 29.85 | - | 116.15 | 1,670.90 | 10,359.33 | 10,226.97 |
| - Software licenses | 585.07 | (38.00) | - | - | - | 193.79 | 353.28 | 88.38 | (7.77) | 46.10 | - | 40.37 | - | 86.34 | 266.94 | 496.69 |
| - Total | 599.62 | (42.90) | - | - | 28.35 | - | 585.07 | 41.25 | (2.84) | 49.97 | - | - | - | 88.38 | 496.69 | 558.37 |
| - Previous year | 799.80 | 7.51 | 203.23 | 13.75 | - | 64.55 | 932.24 | 370.13 | 6.89 | 142.07 | 13.12 | 18.19 | - | 487.78 | 444.46 | 429.67 |
| - Total | 725.27 | 1.12 | 76.99 | 3.02 | 9.22 | 9.78 | 799.80 | 233.33 | (0.24) | 139.25 | - | 2.21 | - | 370.13 | 429.67 | 491.94 |
| - Total | 13,865.78 | 557.27 | 848.27 | 84.44 | - | 10,986.60 | 4,200.28 | 2,314.55 | 151.81 | 553.97 | 59.02 | 1,575.10 | - | 1,386.21 | 2,814.07 | 11,551.23 |
| - Previous year | 13,071.50 | 318.46 | 1,123.94 | 55.44 | 485.65 | 32.06 | 13,865.78 | 1,516.50 | 57.66 | 888.59 | 29.85 | 2.21 | 116.15 | 2,314.55 | 11,551.23 | |

Notes:
(i) Figures in italics relates to previous year.
(ii) Refer Note 22 for details of other intangible assets pledged as security towards borrowings.

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Note No.09 Investments

Investments consist of the following:

(i) Investment in associates and joint ventures

| Particulars | ₹ in Million | |
|---|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| (A) Investments in associates under equity method: | | |
| Equity shares, unquoted | | |
| - 451,822 (As at March 31, 2019: 251,527) shares of ₹ 10 each fully paid up in Stelis Biopharma Private Limited, India | 2,747.50 | 1,760.78 |
| - 342 (As at March 31, 2019: 342) shares of Ethiopian Birr 1,000 each fully paid up in Regional Bio Equivalence Centre S.C., Ethiopia | - | - |
| - Nil (As at March 31, 2019: 24) shares in Generic Partners (R&D) Pte Limited, Singapore | - | - |
| - 1,000 (As at March 31, 2019: 1,000) shares of ₹ 100 each fully paid up in Strides Consumer Private Limited, India | - | 0.10 |
| - 19,782,717 (As at March 31, 2019: 19,782,717) shares of US\$1 each fully paid up in Strides Global Consumer Healthcare Limited, UK | 1,223.72 | 1,339.95 |
| - 4 (As at March 31, 2019: Nil) shares of CAD 1 each fully paid up in Juno OTC Canada | - | - |
| - 861,000 (As at March 31, 2019: Nil) shares of CHF 1 each fully paid up in Fair-Med Healthcare AG, Switzerland | 98.16 | - |
| Preference shares, unquoted | | |
| - Nil (As at March 31, 2019: 90,766) shares of ₹ 10 each fully paid up in Stelis Biopharma Private Limited, India | - | 750.00 |
| - 1,538,615 (As at March 31, 2019: 1,538,615) shares of ₹ 100 each fully paid up in Strides Consumer Private Limited, India (Refer note 40.4) | 7.43 | 101.36 |
| - 3,734,074 (As at March 31, 2019: 3,734,074) shares of US\$0.001 each fully paid up in Aponia Laboratories Inc, USA | 86.14 | 94.85 |
| Total [A] | 4,162.95 | 4,047.04 |
| (B) Investments in joint ventures under equity method: | | |
| Equity shares, unquoted | | |
| - 2,450,000 (As at March 31, 2019: Nil) shares of US\$1 each in Sihuan Strides (HK) Limited, HongKong (refer note below) | 131.02 | - |
| - Nil (As at March 31, 2019: 51) shares fully paid up in MyPak Solutions Australia Pty Limited, Australia (Refer note 40.1) | - | 10.27 |
| - Nil (As at March 31, 2019: 50) shares fully paid up in Oraderm Pharmaceuticals Pty Limited, Australia (Refer note 40.1) | - | 0.53 |
| Total [B] | 131.02 | 10.80 |
| Total [A+B] | 4,293.97 | 4,057.84 |
| Aggregate book value of quoted investments | - | - |
| Aggregate market value of quoted investments | - | - |
| Aggregate carrying value of unquoted investments | 4,293.97 | 4,057.84 |
| Aggregate amount of impairment in value of investments | - | - |

Notes:

During the year, Strides Pharma Global Pte Limited, Singapore, a wholly owned subsidiary of the Group, acquired remaining 81% equity interest in Generic Partners R&D Pte Ltd, Singapore, thereby, making it a wholly owned subsidiary of the Group.

(ii) Investments - non-current

| Particulars | ₹ in Million | |
|---|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| (A) Investments carried at fair value through other comprehensive income: | | |
| Equity shares, unquoted | | |
| - 1,050 (As at March 31, 2019: 1,050) shares in Red Vault Investments Pty Limited, Australia | - | - |
| - 639,430 (As at March 31, 2019: 6,000,000) shares in Sonnet Biotherapeutics Holdings Inc, USA (refer note below) | 0.55 | 0.55 |
| Total [A] | 0.55 | 0.55 |

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| Particulars | ₹ in Million | |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| (B) Other investments at fair value through other comprehensive income: | | |
| Equity shares, quoted | | |
| - 217,391 (As at March 31, 2019: 217,391 shares in Outlook Therapeutics Inc., USA) | 9.83 | 111.30 |
| Total [B] | 9.83 | 111.30 |
| Total [A+B] | 10.38 | 111.85 |
| Aggregate book value of quoted investments | 9.83 | 111.30 |
| Aggregate market value of quoted investments | 9.83 | 111.30 |
| Aggregate carrying value of unquoted investments | 0.55 | 0.55 |
| Aggregate amount of impairment in value of investments | - | - |

Notes:

Pursuant to approval from shareholders, Sonnet Biotherapeutics Inc, USA merged with Chanticleer Holdings, Inc. and the company has been renamed as Sonnet Biotherapeutics Holdings Inc USA. Subsequent to merger the number, of shares reduced to 639,430. The Merged entity has been listed on April 2, 2020 in NASDAQ, USA.

(iii) Investments - Current

| Particulars | ₹ in Million | |
|--|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Quoted investments | | |
| Investment in mutual funds: | | |
| Investments measured at fair value through profit or loss: | | |
| - Reliance Floating Rate Fund - Short Term Plan - Growth Plan (Units As at March 31, 2020: Nil, March 31, 2019: 12,382,228.616) | - | 361.96 |
| - Reliance Money Market Fund- Direct Plan Daily Dividend Plan Dividend Reinvestment (Units As at Mach 31, 2020: Nil March 31, 2019: 202,389.652) | - | 203.00 |
| - IDFC Money Manager Fund - Direct Plan - Daily Dividend (Units As at March 31, 2020: Nil, March 31, 2019: 14,909,607.706) | - | 150.63 |
| - L&T Liquid Fund Direct Plan - Daily Dividend Reinvestment Plan (Units As at March 31, 2020: Nil, March 31, 2019: 5,606.49) | - | 5.68 |
| - SBI Premier Liquid Fund - Direct Plan - Daily dividend option (Units As at March 31, 2020: Nil, March 31, 2019: 3,614.50) | - | 3.63 |
| - ICICI Prudential Corporate bond fund- Direct Plan- Daily Dividend (Units As at March 31, 2020: Nil, March 31, 2019: 10,951,448.481) | - | 110.73 |
| - ICICI Prudential Money market fund- Direct Plan- Daily Dividend (Units As at March 31, 2020: Nil, March 31, 2019: 3,548,020.85) | - | 355.62 |
| - ICICI Prudential Banking and PSU Debt Fund - Direct Plan - Daily Dividend (Units As at March 31, 2020: Nil, March 31, 2019: 4,389,269.791) | - | 46.47 |
| - Yes Liquid Fund- Direct Plan- Daily Dividend (Units As at March 31, 2020: Nil, March 31, 2019: 151,403.14) | - | 151.55 |
| - Aditya Birla Sun life Money Manager Fund - Daily Dividend - Direct Plan (Units As at March 31, 2020: Nil, March 31, 2019: 1,531,756.841) | - | 153.59 |
| Unquoted investments | | |
| Investment in funds: | | |
| - Easterngate Soaring Dragon 2 SP (Units As at March 31, 2020: 157.143, March 31, 2019: 188.571) | 1,189.68 | 1,304.63 |
| Total | 1,189.68 | 2,847.49 |
| Current investments offered as security towards borrowings | - | - |
| Highly liquid investments that are readily convertible into known amounts of cash and cash equivalents | 1,189.68 | 2,847.49 |

Note:

The market value of quoted investments is equal to the carrying value.

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2020

Note No.10 Loans receivable

Loans (unsecured) consist of the following:

(i) Non-current loans

| Particulars | ₹ in Million | |
|-----------------------------------|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Considered good: | | |
| Security deposits* | 271.36 | 178.51 |
| Loans to: | | |
| - Related parties (Refer Note 49) | 118.33 | 504.18 |
| Total | 389.69 | 682.69 |

*Includes security deposit given to related parties as referred in Note 49.

(ii) Current loans

| Particulars | ₹ in Million | |
|-----------------------------------|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Considered good: | | |
| Loans to: | | |
| - Employees | 26.21 | 26.37 |
| - Related parties (Refer note 49) | 122.10 | 515.12 |
| Total | 148.31 | 541.49 |

Note No.11 Other financial assets

Other financial assets consist of the following:

(i) Non-current financial assets

| Particulars | ₹ in Million | |
|---|-----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Unsecured, considered good: | | |
| Fixed deposits with banks | 6.66 | 23.44 |
| Share application money pending allotment (Refer note 49) | 25.00 | - |
| Deferred consideration receivable | 4,142.39 | - |
| Total | 4,174.05 | 23.44 |

(ii) Current financial assets

| Particulars | ₹ in Million | |
|---|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Unsecured, considered good: | | |
| Consideration receivable on disposal of business / subsidiaries | - | 551.00 |
| Interest accrued on deposit | 38.45 | 25.08 |
| Interest accrued on loans and advances given | 13.07 | 26.69 |
| Derivative asset | 6.28 | 190.20 |
| Others: | | |
| - Gratuity claim receivables | 9.69 | 7.37 |
| - Others | 4.09 | 6.36 |
| Total | 71.58 | 806.70 |

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2020

Note No.12 Deferred tax balances

| Particulars | ₹ in Million | |
|--------------------------------|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Deferred tax assets (net) | 1,985.75 | 1,728.80 |
| Deferred tax liabilities (net) | (208.16) | (2,056.01) |
| Total | 1,777.59 | (327.21) |

| Year ended 31 March 20 | ₹ in Million | | | | | | |
|---|-------------------|---|--|----------------------------|--------------------------|----------------------|-----------------|
| | Opening balance | Recognised in statement of profit or loss** | Recognised in other comprehensive income | Recognised in other equity | Acquisitions / disposals | Exchange differences | Closing balance |
| Deferred tax (liabilities)/ assets in relation to: | | | | | | | |
| Cash flow hedges (including forward element of forward contracts) | (33.09) | - | 179.82 | - | - | 0.01 | 146.74 |
| Property, plant and equipment | (545.61) | 44.39 | - | - | (12.97) | (8.84) | (523.03) |
| Intangible assets | (2,163.15) | (61.59) | - | - | 1,745.12 | (1.46) | (481.08) |
| Financial assets | (4.70) | 4.70 | - | - | - | - | - |
| Defined benefit obligation | 52.97 | 20.83 | 8.32 | - | - | (0.03) | 82.09 |
| Other financial liabilities | (36.96) | (25.07) | - | 32.44 | 51.22 | 1.03 | 22.66 |
| Others | 391.69 | (120.06) | - | - | (13.98) | 25.83 | 283.48 |
| Inventory | 239.33 | 171.72 | - | - | (18.39) | - | 392.66 |
| Provision for employee benefits | 191.58 | (29.94) | - | - | (18.60) | (0.16) | 142.88 |
| Merger and restructuring related expenses | 13.39 | (9.46) | - | - | - | - | 3.93 |
| Allowance for credit losses | 33.98 | 1.33 | - | - | - | 0.19 | 35.50 |
| | (1,860.57) | (3.15) | 188.14 | 32.44 | 1,732.40 | 16.57 | 105.83 |
| Tax losses | 543.43 | 256.73 | - | - | - | 34.30 | 834.46 |
| MAT credit entitlement | 989.93 | (152.63) | - | - | - | - | 837.30 |
| Total | (327.21) | 100.95 | 188.14 | 32.44 | 1,732.40 | 50.87 | 1,777.59 |

| Year ended 31 March 19 | ₹ in Million | | | | | | |
|---|-------------------|---|--|----------------------------|--------------------------|----------------------|-------------------|
| | Opening balance | Recognised in statement of profit or loss** | Recognised in other comprehensive income | Recognised in other equity | Acquisitions / disposals | Exchange differences | Closing balance |
| Deferred tax (liabilities)/ assets in relation to: | | | | | | | |
| Cash flow hedges (including forward element of forward contracts) | (13.79) | - | (18.97) | - | - | (0.33) | (33.09) |
| Property, plant and equipment | (520.46) | (12.12) | - | - | 0.14 | (13.17) | (545.61) |
| Intangible assets | (2,094.50) | 179.92 | - | - | (277.38) | 28.81 | (2,163.15) |
| Financial assets | (14.47) | 9.77 | - | - | - | - | (4.70) |
| Defined benefit obligation | 57.21 | (7.14) | 3.18 | - | - | (0.28) | 52.97 |
| Other financial liabilities | (71.85) | 33.82 | 1.07 | - | - | - | (36.96) |
| Others | 315.83 | (158.59) | - | 81.87 | 174.52 | (21.94) | 391.69 |
| Inventory | 247.59 | (8.26) | - | - | - | - | 239.33 |
| Provision for employee benefits | 146.44 | 45.01 | - | - | - | 0.13 | 191.58 |
| Merger and restructuring related expenses | 24.16 | (10.77) | - | - | - | - | 13.39 |
| Allowance for credit losses | 115.04 | (81.78) | - | - | - | 0.72 | 33.98 |
| | (1,808.80) | (10.14) | (14.72) | 81.87 | (102.72) | (6.06) | (1,860.57) |

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2020

| Year ended 31 March 19 | ₹ in Million | | | | | | Closing balance |
|------------------------|-----------------|---|--|----------------------------|--------------------------|----------------------|-----------------|
| | Opening balance | Recognised in statement of profit or loss** | Recognised in other comprehensive income | Recognised in other equity | Acquisitions / disposals | Exchange differences | |
| Tax losses | 85.54 | 168.49 | - | 6.35 | 280.43 | 2.62 | 543.43 |
| MAT credit entitlement | 749.46 | 240.47 | - | - | - | - | 989.93 |
| Total | (973.80) | 398.82 | (14.72) | 88.22 | 177.71 | (3.44) | (327.21) |

** including deferred tax expenses recognised in discontinued operations.

Under the Indian Income Tax Act, 1961, the Company is liable to pay Minimum Alternate Tax (MAT). MAT paid can be carried forward for a certain period and can be set off against the future tax liabilities. MAT is recognised as deferred tax asset only when the asset can be measured reliably and it is probable that the future economic benefits associated with the asset will be realised.

Note No.13 Income tax assets (net)

The income tax expense consists of the following:

(i) Non-current income tax assets

| Particulars | ₹ in Million | |
|--|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Advance income tax (net of provisions) | 740.18 | 653.27 |
| Income taxes paid under protest | 593.77 | 709.34 |
| Total | 1,333.95 | 1,362.61 |

Note No.14 Other assets

Other assets (unsecured) consist of the following:

(i) Other non-current assets

| Particulars | ₹ in Million | |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Considered good: | | |
| Capital advances | 358.79 | 191.59 |
| Prepaid expenses | 50.89 | 80.59 |
| Lease equalisation asset | 13.55 | 19.01 |
| Balances with Government authorities: | | |
| - VAT credit / refund receivable | 38.66 | 16.32 |
| - Indirect taxes paid under protest | 25.78 | 24.42 |
| Others: | | |
| - Receivable from KIADB | 4.79 | 4.79 |
| Total | 492.46 | 336.72 |

(ii) Other current assets

| Particulars | ₹ in Million | |
|--------------------------------------|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Considered good: | | |
| Advance to suppliers | 1,009.79 | 1,075.27 |
| Advance to employees | 27.52 | 42.89 |
| Advances to others | 19.43 | 25.51 |
| Prepaid expenses | 484.20 | 362.12 |
| Balances with Government authorities | 977.39 | 805.98 |
| Incentives receivables | 264.91 | 199.87 |
| Total | 2,783.24 | 2,511.64 |

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2020

Note No.15 Inventories*

| Particulars | ₹ in Million | |
|--|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Raw materials (including goods in transit) | 5,067.21 | 4,148.32 |
| Work-in-progress | 609.48 | 586.45 |
| Finished goods | 1,826.73 | 1,798.75 |
| Finished goods-in-transit | 29.70 | 97.31 |
| Stock-in-trade | 116.96 | 1,974.56 |
| Stores and spares | 175.31 | 136.19 |
| Total | 7,825.39 | 8,741.58 |

* Refer Note 3.16 for mode of valuation of inventories.

Note No.16 Trade receivables

| Particulars | ₹ in Million | |
|---------------------------------|------------------|------------------|
| | March 31, 2020 | March 31, 2019 |
| Unsecured | | |
| Considered good * | 9,316.94 | 9,871.82 |
| Credit impaired | 684.23 | 734.04 |
| | 10,001.17 | 10,605.86 |
| Less: Allowance for credit loss | (684.23) | (734.04) |
| Total | 9,316.94 | 9,871.82 |

* Includes receivables from related parties as referred in note 49.

In determining the allowance for doubtful trade receivables, the Group 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.

Movement in Expected credit loss allowance

| Particulars | ₹ in Million | |
|---|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Balance at the beginning of the year | 734.04 | 1,712.20 |
| Written off during the year | (164.58) | (1,036.11) |
| Movement in Expected credit loss allowance on trade receivables calculated at lifetime expected credit losses | 114.77 | 57.95 |
| Balance at end of the year | 684.23 | 734.04 |

The Group has availed bill discounting facilities from the banks which do not meet the derecognition criteria for transfer of contractual rights to receive cashflows from the respective trade receivables since they are with recourse to the group. Accordingly as at March 31, 2020, trade receivables balances include ₹ 1086.50 Million (As at March 31, 2019: ₹ 296.81 Million) and the corresponding financial liability to the banks is included as part of working capital loan under short-term borrowings.

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2020

Note No.17 Cash and cash equivalents

| Particulars | ₹ in Million | |
|-----------------------|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Cash on hand | 2.43 | 2.65 |
| Balances with banks: | | |
| - In current accounts | 1,467.44 | 3,226.36 |
| - In Escrow account | - | 2.00 |
| - In deposit accounts | 264.06 | 50.59 |
| - Funds-in-transit | 88.41 | 377.29 |
| Total | 1,822.34 | 3,658.89 |

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 have not been made since the requirement does not pertain to financial year ended 31 March 2020.

Note No.18 Other balances with banks

| Particulars | ₹ in Million | |
|--|----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| In deposit accounts | 462.20 | 1,412.96 |
| In earmarked accounts: | | |
| - Unpaid dividend accounts | 58.85 | 56.28 |
| - Unpaid shares accounts | 1.63 | 0.33 |
| - Group gratuity accounts | 1.26 | 1.26 |
| - Balance held as margin money against working capital facilities with banks | 24.69 | 36.78 |
| Total | 548.63 | 1,507.61 |

Note No.19 Equity share capital

| Particulars | ₹ in Million | |
|---|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Authorised | | |
| 176,750,000 equity shares of ₹ 10/- each with voting rights (March 31, 2019: 176,750,000 equity shares of ₹ 10/- each) | 1,767.50 | 1,767.50 |
| Total | 1,767.50 | 1,767.50 |
| Issued, subscribed and fully paid-up | | |
| 89,565,464 equity shares of ₹ 10/- each with voting rights (March 31, 2019: 89,549,476 equity shares of ₹ 10/- each) | 895.65 | 895.49 |
| Total | 895.65 | 895.49 |

(i) Reconciliation of number of shares and amount outstanding:

| Particulars | Notes | March 31, 2020 | | March 31, 2019 | |
|---|-------|-------------------|---------------|-------------------|---------------|
| | | No. of shares | ₹ in Million | No. of shares | ₹ in Million |
| Equity share capital | | | | | |
| Equity share of ₹ 10/- each | | | | | |
| Balance at the beginning of the year | | 89,549,476 | 895.49 | 89,500,035 | 895.00 |
| Changes in equity share capital during the year | | | | | |
| Shares issued pursuant to the exercise of stock options | 45 | 15,988 | 0.16 | 49,441 | 0.49 |
| Balance at the end of the year | | 89,565,464 | 895.65 | 89,549,476 | 895.49 |

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2020

(ii) Detail of the rights, preferences and restrictions attaching to each class of outstanding equity shares of ₹ 10/- each:

The Company has only one class of equity shares, having a par value of ₹ 10/- each. The holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the board of directors is subject to approval by the shareholders at the ensuing annual general meeting. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to number of equity shares held by the shareholders.

(iii) Details of equity shares held by each shareholder holding more than 5% of equity shares:

| Particulars | March 31, 2020 | | March 31, 2019 | |
|---|----------------|--------|----------------|--------|
| | No. of shares | % | No. of shares | % |
| Pronomz Ventures LLP | 12,665,000 | 14.14% | 12,665,000 | 14.14% |
| SBI Arbitrage Opportunities Fund | 6,808,080 | 7.60% | 8,656,213 | 9.67% |
| Aditya Birla Sun Life Equity Advantage Fund | 5,550,388 | 6.20% | 6,092,000 | 6.80% |

(iv) Details of equity shares of ₹ 10/- each reserved for issuance:

| Particulars | ₹ in Million | |
|---|------------------|------------------|
| | March 31, 2020 | March 31, 2019 |
| Towards employee stock options under the various Strides stock option plans (Refer note 45) | 2,543,000 | 2,980,563 |

(v) Buy back of shares, issue of bonus shares and shares allotted as fully paid up pursuant to contract(s) without payment being received in cash.

There have been no buy back of shares, issue of shares by way of bonus shares or issue of shares pursuant to contract without payment being received in cash for the period of five years immediately preceding the Balance sheet date.

Note No.20 Other equity

| Particulars | Note | ₹ in Million | |
|--|-------------|------------------|------------------|
| | | March 31, 2020 | March 31, 2019 |
| (A) Share application money pending allotment | 20 (A) | - | - |
| (B) Reserves and surplus | | | |
| Capital reserve | 20 (B)(i) | 425.46 | 573.72 |
| Securities premium | 20 (B)(ii) | 17,008.37 | 17,000.81 |
| Capital redemption reserve | 20 (B)(iii) | 601.61 | 601.61 |
| Share options outstanding account | 20 (B)(iv) | 57.24 | 75.70 |
| Equity for gross obligation | 20 (B)(v) | (3,840.13) | (3,840.13) |
| General reserve | 20 (B)(vi) | 4,010.28 | 3,977.21 |
| Retained earnings | 20 (B)(vii) | 2,344.23 | 3,809.69 |
| (C) Items of other comprehensive income | | | |
| FVOCI equity investments reserve | 20 (C)(i) | (703.08) | (601.61) |
| Cash flow hedging reserve | 20 (C)(ii) | (563.31) | (185.79) |
| Foreign currency translation reserve | 20 (C)(iii) | 5,183.76 | 4,288.80 |
| Remeasurement of the defined benefit liabilities / (asset) | 20 (C)(iv) | (145.91) | (108.46) |
| Total | | 24,378.52 | 25,591.55 |

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2020

Nature and purpose of other reserve

- (a) **Capital reserve**
Capital reserve is created on account of Foreign Currency Convertible Bonds, business combinations and demerger.
- (b) **Securities premium**
Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.
- (c) **Capital redemption reserve**
Capital redemption reserve is a statutory, non-distributable reserve into which the amounts are transferred following the redemption or purchase of Company's own shares. It is utilised in accordance with the provisions of the Companies Act, 2013.
- (d) **Share options outstanding account**
The fair value of the equity-settled share based payment transactions with employees is recognised in statement of profit and loss with corresponding credit to employee stock options outstanding account. The amount of cost recognised is transferred to share premium on exercise of the related stock options.
- (e) **Equity for gross obligation**
The Group has issued written put option to non-controlling interests in certain subsidiaries of the Group in accordance with the terms of underlying agreement with such option holders. Should the option be exercised, the Group has to settle such liability by payment of cash. On initial recognition, the amount that may become payable under the option on exercise is recognised as a financial liability at its present value of the redemption amount with a corresponding charge directly to the other equity.
- (f) **General reserve**
General reserves are the retained earnings of a Group which are appropriated out of Group's profits. General reserve is a free reserve which can be utilised for any purpose after fulfilling certain conditions in accordance with the provisions of the Companies Act, 2013.
- (g) **Retained Earnings**
Retained earnings are the profits that the Group has earned till date, less any transfers to other reserves, dividends or other distributions paid to its equity shareholders.
- (h) **FVOCI equity investments reserve**
The Group has elected to recognise changes in the fair value of certain investments in other comprehensive income. These changes are accumulated within FVOCI equity investments reserve.
- (i) **Cash flow hedging reserve**
The cash flow hedging reserve represents the cumulative effective portion of gains or losses (net of taxes, if any) arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges.
- (j) **Foreign currency translation reserve**
The translation reserve comprise all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.
- (k) **Remeasurement of the defined benefit liabilities / (asset)**
The cumulative balances of actuarial gain or loss arising on remeasurements of defined benefit plan is accumulated and recognised within this component of other comprehensive income. Items included in actuarial gain or loss reserve will not be reclassified subsequently to statement of profit and loss.

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2020

| Particulars | ₹ in Million | |
|--|-------------------|-------------------|
| | March 31, 2020 | March 31, 2019 |
| (A) Share application money pending allotment | | |
| Opening balance | - | 1.44 |
| Add: Received during the year | - | - |
| Add: Shares allotted during the year | - | (1.44) |
| Closing balance | - | - |
| (B) Reserves and surplus | | |
| (i) Capital reserve | | |
| Opening balance | 573.72 | 480.15 |
| Add: Pursuant to disposal / allotment of shares to non-controlling interests | - | 15.46 |
| Add: Pursuant to acquisition from non-controlling interest (Refer note 39) | (148.26) | 78.11 |
| Closing balance | 425.46 | 573.72 |
| (ii) Securities premium | | |
| Opening balance | 17,000.81 | 16,969.43 |
| Add: Premium received on shares issued during the year | 7.56 | 31.38 |
| Closing balance | 17,008.37 | 17,000.81 |
| (iii) Capital redemption reserve | | |
| Opening balance | 601.61 | 601.61 |
| Closing balance | 601.61 | 601.61 |
| (iv) Share options outstanding account (Refer note 45) | | |
| Opening balance | 75.70 | 89.18 |
| Less: Transferred to securities premium account on exercise of ESOPs | (2.92) | (16.43) |
| Less: Transferred to general reserve on stock options lapse | (33.07) | (6.28) |
| Add: Employee stock compensation expenses (including expenses pertaining to discontinued operations) | 17.53 | 9.23 |
| Closing balance | 57.24 | 75.70 |
| (v) Equity for gross obligation | | |
| Opening balance | (3,840.13) | (3,754.76) |
| Add: Pursuant to business combinations (Refer note 39) | - | (85.37) |
| Closing balance | (3,840.13) | (3,840.13) |
| (vi) General reserve | | |
| Opening balance | 3,977.21 | 3,970.93 |
| Add: Transferred from share options outstanding account | 33.07 | 6.28 |
| Closing balance | 4,010.28 | 3,977.21 |
| (vii) Retained earnings | | |
| Opening balance | 3,809.69 | 1,353.47 |
| Adjustments pursuant to adoption of IND AS 116/ 115, (net of tax) | (266.35) | (610.86) |
| Adjusted opening balance | 3,543.34 | 742.61 |
| Add: Profit for the year | 363.91 | 3,246.18 |
| Less: Dividend on equity shares including taxes | (1,563.02) | (179.10) |
| Closing balance | 2,344.23 | 3,809.69 |
| Total Reserves and surplus | 20,607.06 | 22,198.61 |
| (C) Items of other comprehensive income | | |
| (i) FVOCI equity investments reserve | | |
| Opening balance | (601.61) | (612.05) |
| Add / (Less): Other comprehensive income for the year | (101.47) | 10.44 |
| Closing balance | (703.08) | (601.61) |
| (ii) Cash flow hedging reserve | | |
| Opening balance | (185.79) | 26.03 |
| Add / (Less): Other comprehensive income for the year (net of taxes) | (377.52) | (211.82) |

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2020

| Particulars | ₹ in Million | |
|--|------------------|------------------|
| | March 31, 2020 | March 31, 2019 |
| Closing balance | (563.31) | (185.79) |
| (iii) Foreign currency translation reserve | | |
| Opening balance | 4,288.80 | 4,714.28 |
| Add / (Less): Other comprehensive income for the year | 894.96 | (425.48) |
| Closing balance | 5,183.76 | 4,288.80 |
| (iv) Remeasurement of the defined benefit liabilities / (asset) | | |
| Opening balance | (108.46) | (98.13) |
| Add / (Less): Pursuant to business combinations (Refer note 39) | - | (2.92) |
| Add / (Less): Other comprehensive income for the year (net of taxes) | (37.45) | (7.41) |
| Closing balance | (145.91) | (108.46) |
| Total items of other comprehensive income [C] | 3,771.46 | 3,392.94 |
| Attributable to equity holders of the Company [A + B + C] | 24,378.52 | 25,591.55 |

Note No.21 Non-controlling interests

| Particulars | ₹ in Million | |
|---|----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Opening balance | 1,529.54 | 1,546.48 |
| Add: Profit for the year | (57.95) | 52.57 |
| Less: Other comprehensive income for the year | (7.82) | (1.72) |
| Less: Pursuant to Ind AS 115 transition | - | (15.73) |
| Add / (Less): Pursuant to exchange movement | 9.27 | 6.49 |
| Add: Pursuant to business combinations (Refer note 39) | - | 31.45 |
| Add / (Less): Pursuant to dividend to non controlling interest | (9.49) | (6.01) |
| Add / (Less): Pursuant to disposal / allotment of shares to non-controlling interest | (794.34) | 17.20 |
| Add / (Less): Pursuant to acquisition of non-controlling interest in subsidiary (Refer note 39) | 3.17 | (101.19) |
| Closing balance | 672.38 | 1,529.54 |

Note No.22 Borrowings

Borrowings consist of the following:

(i) Non-current borrowings

| Particulars | ₹ in Million | |
|---|-----------------|------------------|
| | March 31, 2020 | March 31, 2019 |
| Secured | | |
| - Term loans from banks (Refer note (i) to (ix) below) | 6,017.91 | 18,064.53 |
| Unsecured | | |
| - Term loans from others (Refer note (x) to (xi) below) | 21.18 | 0.60 |
| Total | 6,039.09 | 18,065.13 |

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2020

Details of security and terms of repayment for the non-current borrowings:

| Terms of repayment and security | ₹ in Million | |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| (i) Term loans from banks: Loan 1 | | |
| Long-term loan | - | 1.52 |
| Current maturities of long-term loan | 1.52 | 2.11 |
| Security: Hypothecation of assets procured from the term loans. Rate of interest: 9.2% p.a. to 12.48% p.a. Repayment varies between 36 to 48 monthly instalments. The outstanding term as at March 31, 2020 is 8 instalments. | | |
| (ii) Term loans from banks: Loan 2 | | |
| Long-term loan | - | - |
| Current maturities of long-term loan | - | 29.46 |
| Security: first charge on all the fixed assets, intangible assets and current assets of the borrowing subsidiary and its subsidiaries, both present and future Rate of interest: Variable Market Rate BBSY (approx. 1.80%) + 0.25% liquidity fee p.a. Repayment terms: AU\$ 200,000 per quarter. The outstanding term as at March 31, 2020 is Nil | | |
| (iii) Term loans from banks: Loan 3 | | |
| Long-term loan | 191.76 | 240.19 |
| Current maturities of long-term loan | 212.13 | 151.26 |
| Security : first charge on all the fixed assets, intangible assets and current assets of the borrowing subsidiary, both present and future Rate of interest: Bank US\$ Base rate Repayment terms: Repayable in 48 to 60 monthly instalments. The outstanding term as at March 31, 2020 ranges between 7 to 41 instalments. | | |
| (iv) Term loans from banks: Loan 4 | | |
| Long-term loan | - | 8,953.37 |
| Current maturities of long-term loan | - | 196.49 |
| Security: Pari-passu first charge on all the fixed assets, intangible assets and current assets of the borrowing subsidiary & its some step down subsidiaries and pari-passu first charge on all the fixed assets, intangible assets and second pari passu charge on the current assets of the ultimate holding company, both present and future Rate of interest: 3 months LIBOR + 318 bps p.a. Repayment terms : 32 structured quarterly instalments. The loan has been repaid in full during the year | | |
| (v) Term loans from banks: Loan 5 | | |
| Long-term loan | 3,390.44 | 6,497.46 |
| Current maturities of long-term loan | 376.72 | - |
| Security: First pari-passu charge on all current assets and fixed assets including intangible assets of the borrowing subsidiary, its holding company and first pari-passu charge on the fixed assets and second pari-passu charge on the current assets of the ultimate holding company, both present and future Rate of interest: 6 months LIBOR + 230 bps p.a. Repayment terms: Repayable in 12 half yearly instalments. The outstanding term as at March 31, 2020 is 12 instalments. | | |
| (vi) Term loans from banks: Loan 6 | | |
| Long-term loan | 1,129.33 | 1,395.21 |
| Current maturities of long-term loan | 423.80 | 216.20 |
| Security: First pari-passu charge on all current assets and fixed assets including intangible assets of the borrowing subsidiary and first pari-passu charge on the fixed assets and second pari-passu charge on the current assets of the ultimate holding company, both present and future Rate of interest: 6 months LIBOR + 300 bps p.a. Repayment terms: Repayable in 16 structured quarterly instalments. The outstanding term as at March 31, 2020 is 11 instalments. | | |

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2020

| Terms of repayment and security | ₹ in Million | |
|---|-----------------|------------------|
| | March 31, 2020 | March 31, 2019 |
| (vii) Term loans from banks: Loan 7 | | |
| Long-term loan | 732.88 | 901.78 |
| Current maturities of long-term loan | 251.14 | 115.31 |
| Security: First pari-passu charge on all current assets of the borrowing subsidiary, both present and future | | |
| Rate of interest: 3 months LIBOR + 350 bps p.a. | | |
| Repayment terms: Repayable in 18 structured quarterly instalments after an initial moratorium period of 6 months from the date of first disbursement. The outstanding term as at March 31, 2020 is 16 instalments. | | |
| (viii) Term loans from banks: Loan 8 | | |
| Long-term loan | 50.00 | 75.00 |
| Current maturities of long-term loan | 25.00 | 25.00 |
| Security: First pari-passu charge on all current assets and fixed assets including intangible assets of the borrowing subsidiary, present and future | | |
| Rate of interest: 1 year MCLR + 150 bps p.a. | | |
| Repayment terms: Repayable in 16 structured quarterly instalments after an initial moratorium period of 12 months from the date of first disbursement. The outstanding term as at March 31, 2020 is 12 instalments. | | |
| (ix) Term loans from banks: Loan 9 | | |
| Long-term loan | 523.51 | - |
| Current maturities of long-term loan | - | - |
| Security: First pari-passu charge on all current assets and fixed assets including intangible assets of the borrowing subsidiary, present and future | | |
| Rate of interest: 3 Months LIBOR + 275 bps p.a. | | |
| Repayment terms: Repayable in 14 structured quarterly instalments after an initial moratorium period. | | |
| (x) Unsecured Long-term loans from others: | | |
| Long-term loan | 9.12 | 0.60 |
| Current maturities of long-term loan | 0.24 | 0.24 |
| Rate of interest: 8.75% p.a. | | |
| Repayment terms: Repayable at the option of the holder on or before 2 years from the date of disbursement | | |
| (xi) Unsecured Long-term loans from others: | | |
| Long-term loan | 12.05 | - |
| Current maturities of long-term loan | - | - |
| Rate of interest: 8.75% p.a. (Prime lending rate as on March 31, 2020) | | |
| Repayment terms: Repayable at the option of the holder. | | |
| Total | 7,329.64 | 18,801.19 |

| Particulars | ₹ in Million | |
|---|-----------------|------------------|
| | March 31, 2020 | March 31, 2019 |
| Disclosed under long term borrowings | 6,039.09 | 18,065.13 |
| Disclosed under other current liabilities : | | |
| - Current maturities of long-term loans | 1,290.55 | 736.07 |
| Total | 7,329.64 | 18,801.19 |

Notes

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(ii) Current borrowings

| Particulars | ₹ in Million | |
|---|------------------|------------------|
| | March 31, 2020 | March 31, 2019 |
| Secured loans repayable on demand from banks: (Refer note below) | | |
| - Working capital loans | 7,139.02 | 8,907.63 |
| - Short-term loans | 5,105.33 | 3,496.65 |
| Unsecured loans | | |
| - Short-term loans from others | 18.75 | 985.89 |
| - Loans repayable on demand from banks and others | 24.65 | - |
| Total | 12,287.75 | 13,390.17 |

Note:

Details of security for the secured loans repayable on demand: Working capital and short-term loans from banks are secured by first pari passu charge over current assets of the Group and second pari passu charge on movable and immovable fixed assets of the Company (other than land and building situated at Navi Mumbai and Hosur).

Rate of interest ranges from 3.25% to 13.00% p.a. (previous year 3.45% to 14.00% p.a)

Net debt reconciliation

| Particulars | ₹ in Million | |
|--|------------------|------------------|
| | March 31, 2020 | March 31, 2019 |
| Non-current borrowings | 6,039.09 | 18,065.13 |
| Current borrowings | 12,287.75 | 13,390.17 |
| Current maturities of non-current borrowings | 1,290.55 | 736.07 |
| Less: | | |
| Cash and cash equivalents | 1,822.34 | 3,658.89 |
| Balances in deposit accounts | 462.20 | 1,412.96 |
| Cash and bank balances | 2,284.54 | 5,071.85 |
| Current investments (highly liquid) | 1,189.68 | 2,847.49 |
| Net debt | 16,143.17 | 24,272.03 |

| Reconciliation | Cash and bank balances | Current investments (highly liquid) | Non Current borrowings (including current maturities) | Current borrowings | Net debt |
|--|------------------------|-------------------------------------|---|--------------------|------------------|
| As on April 1, 2019 | 5,071.85 | 2,847.49 | 18,801.20 | 13,390.17 | 24,272.03 |
| Pursuant to disposal of subsidiaries (refer note 40) | (805.37) | - | 965.81 | (1,087.60) | 683.58 |
| Cash flows | (2,130.42) | (1,779.65) | (13,054.05) | (442.07) | (9,586.05) |
| Effect of exchange differences on restatement of foreign currency balances | 148.48 | 101.78 | 528.47 | 427.25 | 705.46 |
| Others | - | 20.06 | 88.21 | - | 68.15 |
| As on March 31, 2020 | 2,284.54 | 1,189.68 | 7,329.64 | 12,287.75 | 16,143.17 |

Notes

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Note No.23 Other financial liabilities

Other financial liabilities consist of the following:

(i) Other non-current financial liabilities

| Particulars | ₹ in Million | |
|---|----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Security deposits | 36.90 | 45.48 |
| Derivative liability | 288.33 | - |
| Contingent consideration payable | 353.20 | 448.67 |
| Gross obligation under written put option | - | 3,915.77 |
| Total | 678.43 | 4,409.92 |

(ii) Other current financial liabilities

| Particulars | ₹ in Million | |
|--|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Current maturities of long-term loans (Refer note 22(i) above) | 1,290.55 | 736.07 |
| Interest accrued but not due on borrowings | 103.67 | 198.21 |
| Unclaimed dividends* | 58.54 | 56.28 |
| Derivative liability | 429.39 | 342.89 |
| Gross obligation under written put option | 82.37 | - |
| Other payables: | | |
| - Payables on purchase of property, plant and equipments and intangible assets | 273.09 | 19.91 |
| - Payables on purchase of non-current investments | 202.67 | 16.60 |
| - Contingent consideration for acquisition of subsidiaries | 182.52 | 163.54 |
| - Payables to employees | 16.07 | 129.04 |
| - Book overdraft | - | 0.06 |
| - Others | 8.09 | 35.98 |
| Total | 2,646.96 | 1,698.58 |

*Investor Education and Protection Fund shall be credited when due.

Note No.24 Provisions

Provisions consist of the following:

(i) Non-current provisions

| Particulars | ₹ in Million | |
|---|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Provision for employee benefits: | | |
| Gratuity and other benefits (Refer note 46) | 315.51 | 215.19 |
| Provision - Others: | | |
| - Provision for sales return | 324.01 | 307.18 |
| Total | 639.52 | 522.37 |

(ii) Current provisions

| Particulars | ₹ in Million | |
|---|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Provision for sales return | 379.40 | 294.90 |
| Provision for claims | 602.74 | 622.67 |
| Provision for employee benefits: | | |
| - Compensated absences | 269.99 | 349.00 |
| - Gratuity and other benefits (Refer note 46) | 3.11 | 11.74 |
| Total | 1,255.24 | 1,278.31 |

Notes

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Movement in provisions

| Particulars | ₹ in Million | | | |
|---|---------------|-----------------------------|----------------------|---------------|
| | Claims | Gratuity and other benefits | Compensated absences | Sales return |
| Opening balance as at April 1, 2019 | 622.67 | 226.93 | 349.00 | 602.08 |
| Provision recognised / (utilised) during the year (net of exchange) | (19.93) | 91.69 | (79.01) | 101.33 |
| Closing balance as at March 31, 2020 | 602.74 | 318.62 | 269.99 | 703.41 |

Note No.25 Other liabilities

Other liabilities consist of the following:

(i) Other non-current liabilities

| Particulars | ₹ in Million | |
|------------------------------|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Asset retirement obligation | 15.30 | 13.61 |
| Prepaid rent liability | 3.38 | 6.38 |
| Lease equalisation liability | - | 83.68 |
| Total | 18.68 | 103.67 |

(ii) Other current liabilities

| Particulars | ₹ in Million | |
|---|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Other payables: | | |
| - Advances from customers | 313.96 | 438.47 |
| - Advance for sale of property, plant and equipment | 72.17 | 50.17 |
| - Statutory liabilities | 320.89 | 271.16 |
| Total | 707.02 | 759.80 |

Note No.26 Trade payables

| Particulars | ₹ in Million | |
|---|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Total outstanding dues of micro enterprises and small enterprises | 199.52 | 57.36 |
| Total outstanding dues of creditors other than micro and small enterprises* | 7,777.96 | 8,832.52 |
| Total | 7,977.48 | 8,889.88 |

* includes dues to related party as referred in note 49.

- (i) **Disclosure required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**
There are no material dues owed by the Group to Micro and Small enterprises, which are outstanding for more than 45 days during the year and as at 31 March 2019. This information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Group and has been relied upon by the auditors.

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| Particulars | ₹ in Million | |
|---|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| (i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each year | | |
| - Principal amount due to micro and small enterprises | 199.52 | 57.36 |
| - Interest due on the above | 12.85 | - |
| (ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year. | - | - |
| (iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006 | - | - |
| (iv) The amount of interest accrued and remaining un-paid at the end of each accounting year. | 12.85 | - |
| (v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purposes of disallowance as a deductible expenditure under the MSMED Act, 2006 | 12.85 | - |

The above disclosures are provided by the Group based on the information available with the Group in respect of the registration status of its vendors/suppliers.

All trade payables are current. The Group's exposure to the currency and liquidity risks related to trade payables is disclosed in note 51.

Note No.27 Current tax liabilities (net)

| Particulars | ₹ in Million | |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Provision for tax (net of advance tax) | 383.20 | 582.80 |
| Total | 383.20 | 582.80 |

Note No.28 Revenue from operations

A. Revenue streams

The Group is primarily involved into development and manufacture of pharmaceutical products. Other operating revenue include support service, royalty income and export incentives.

| Particulars | ₹ in Million | |
|---------------------------|------------------|------------------|
| | March 31, 2020 | March 31, 2019 |
| Sale of products | 26,403.62 | 20,472.84 |
| Sale of services | 163.83 | 610.34 |
| Other operating revenues* | 952.26 | 700.56 |
| Total | 27,519.71 | 21,783.74 |

*Other operating revenue include support service ₹ 259.70 Million (2019: ₹ 117.09 Million), royalty income ₹ 247.28 Million (2019: ₹ 217.31 Million) and export incentives ₹ 445.28 Million (2019: ₹ 366.16 Million)

Notes

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B. Disaggregated revenue information

In the following table, revenue from contracts with customers is disaggregated by primary geographical market

| Revenue from contracts with customers (continuing operations) | ₹ in Million | |
|---|------------------|------------------|
| | March 31, 2020 | March 31, 2019 |
| North America | 15,709.03 | 12,138.73 |
| Australia | 1,874.54 | 981.77 |
| Africa | 2,977.67 | 3,920.09 |
| Europe | 5,002.16 | 3,177.03 |
| India | 570.09 | 469.65 |
| Asia | 222.82 | 322.73 |
| Others | 211.14 | 73.18 |
| | 26,567.45 | 21,083.18 |
| Revenue from other sources | | |
| Other operating revenue | 952.26 | 700.56 |
| | 952.26 | 700.56 |
| Total revenue from operations | 27,519.71 | 21,783.74 |

Geographical revenue is allocated based on the location of the customers.

(c) Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partial unsatisfied) at the reporting date.

| Particulars | ₹ in Million | |
|------------------|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Sale of services | 294.40 | 211.60 |

(d) Reconciliation of revenue from contracts with customers

| Particulars | ₹ in Million | |
|--|------------------|------------------|
| | March 31, 2020 | March 31, 2019 |
| Revenue from contracts with customers as per the contract price | 46,162.32 | 32,670.51 |
| Adjustments made to contract price on account of :- | | |
| a) Discounts / Rebates / Incentives | 17,788.42 | 11,143.79 |
| b) Sales returns/ reversals | 316.67 | 443.54 |
| c) Sales returns/ reversals related to Ranitidine withdrawal | 1,489.78 | - |
| Revenue from Contracts with customers as per statement of profit and loss | 26,567.45 | 21,083.18 |

Note No.29 Other income

| Particulars | ₹ in Million | |
|---|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Interest income | 368.87 | 172.33 |
| Income from current investments | 45.19 | 84.30 |
| Rental income from operating leases | 74.61 | 94.67 |
| Other non-operating income: | | |
| - Guarantee commission* | 42.46 | 45.76 |
| - Profit on sale of plant, property and equipment and intangible assets (net) | - | 11.34 |
| Total | 531.13 | 408.40 |

* Includes guarantee commission from related parties as referred in Note 49.

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2020

Note No.30 Changes in inventories of finished goods, work-in-progress and stock-in-trade

| Particulars | ₹ in Million | |
|---|-------------------|-------------------|
| | March 31, 2020 | March 31, 2019 |
| Inventories at the end of the year | | |
| - Work-in-progress | 609.48 | 586.45 |
| - Stock-in-trade | 116.96 | 1,974.56 |
| - Finished goods | 1,856.43 | 1,896.06 |
| | 2,582.87 | 4,457.07 |
| Less: Closing stock pursuant to disposal of entity | | |
| - Stock-in-trade | - | (1,607.27) |
| - Finished goods | - | (123.96) |
| | - | (1,731.23) |
| Less: Write off on account of withdrawal (Refer note 35) | | |
| - Finished goods | 841.79 | - |
| | 841.79 | - |
| (Add)/Less: Consolidation adjustment: | | |
| - Work-in-progress | 5.44 | 1.36 |
| - Stock-in-trade | 34.59 | - |
| - Finished goods | 210.68 | (16.23) |
| | 250.71 | (14.87) |
| Inventories at the beginning of the year | | |
| - Work-in-progress | 586.45 | 333.24 |
| - Stock-in-trade | 1,974.56 | 1,170.20 |
| - Finished goods | 1,896.06 | 1,337.62 |
| | 4,457.07 | 2,841.06 |
| Add: Opening stock pertaining to entity acquired during the year (Refer note 39) | | |
| - Work-in-progress | - | 61.94 |
| - Stock-in-trade | - | 34.59 |
| - Finished goods | - | 169.47 |
| | - | 266.00 |
| Add: Opening stock pursuant to the disposal of entity (Refer note 40) | | |
| - Work-in-progress | - | (19.99) |
| - Stock-in-trade | (1,607.27) | (1,162.95) |
| - Finished goods | (123.96) | (223.46) |
| | (1,731.23) | (1,406.40) |
| Total | (448.11) | (1,040.05) |

Note No.31 Employee benefits expense

| Particulars | ₹ in Million | |
|---|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Salaries, wages and bonus | 3,750.83 | 2,811.65 |
| Contribution to provident and other funds (Refer note 46) | 320.97 | 241.15 |
| Share based compensation expense (Refer note 45) | 17.53 | 8.97 |
| Staff welfare expenses | 336.25 | 232.61 |
| Total | 4,425.58 | 3,294.38 |

Notes

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Note No.32 Finance costs

| Particulars | ₹ in Million | |
|-----------------------------|-----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Interest expense on: | | |
| - Borrowings | 1,201.85 | 668.45 |
| - Leases | 142.46 | - |
| - Discounting of deposits | 3.52 | 3.19 |
| Other finance costs | 209.37 | 121.23 |
| Total | 1,557.20 | 792.87 |

Note No.33 Depreciation and amortisation expense

| Particulars | ₹ in Million | |
|---|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Depreciation on plant, property and equipments (Refer note 4) | 1,083.89 | 783.88 |
| Amortisation on Right to use (Refer note 5) | 194.33 | - |
| Depreciation on investment property (Refer note 6) | 45.72 | 46.02 |
| Amortisation on other intangible asset (Refer note 8) | 553.97 | 888.59 |
| Amount charged to the statement of profit and loss: | 1,877.91 | 1,718.49 |
| - under continuing operations | 1,737.02 | 1,173.89 |
| - under discontinued operations | 140.89 | 544.60 |

Note No.34 Other expenses

| Particulars | ₹ in Million | |
|--|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Subcontracting charges | 340.47 | 281.74 |
| Consumption of stores and spares | 615.01 | 358.83 |
| Power, fuel and water | 644.86 | 543.93 |
| Rent including lease rentals (Refer note 5) | 42.80 | 189.79 |
| Repairs and maintenance: | | |
| - Buildings | 74.68 | 31.03 |
| - Machinery | 391.38 | 292.53 |
| - Others | 300.87 | 151.70 |
| Insurance | 130.55 | 72.07 |
| Rates and taxes | 441.22 | 330.73 |
| Communication expense | 75.53 | 67.73 |
| Travelling and conveyance | 163.42 | 132.54 |
| Printing and stationery | 44.97 | 34.82 |
| Carriage, freight and forwarding | 1,204.12 | 789.79 |
| Business promotion | 110.82 | 223.02 |
| Sales commission | 55.79 | 99.38 |
| Failure to Supply | 95.44 | 148.83 |
| Donations and contributions | 1.11 | 5.59 |
| Expenditure on corporate social responsibility | - | 4.27 |
| Legal and professional fees (Refer note (i) below) | 1,020.45 | 673.28 |
| Provision for doubtful debts (including bad debt written off) | 114.77 | 62.54 |
| Loss on sale of plant, property and equipments and intangible assets (net) | 53.05 | - |
| Bio-study expenses | 385.52 | 393.97 |
| Miscellaneous expenses | 215.17 | 192.69 |
| Total | 6,522.00 | 5,080.80 |

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2020

Note:

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

| Particulars | ₹ in Million | |
|---|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| - Audit of Standalone, consolidated financial statements, limited review and other certifications | 19.20 | 22.63 |
| - Reimbursement of expenses | 0.96 | 1.13 |
| Total | 20.16 | 23.76 |

Note No.35 Exceptional items

| Particulars | ₹ in Million | |
|---|-----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Exchange loss on long-term foreign currency loans, deferred consideration and intra-group loans | (547.99) | (68.17) |
| Impairment of Goodwill | (94.89) | (370.00) |
| Write down of inventories and other expenses related to Ranitidine withdrawal (Refer note below) | (1,131.12) | - |
| Fair valuation on investment (Refer note 40.4) | - | 587.94 |
| Fair valuation gain on acquisition of controlling shares in Vivimed Life Sciences India Private Limited (Refer note 39) | - | 270.39 |
| Business combination and restructuring expenses | (42.60) | (121.42) |
| Unwinding/ cancellation of gross obligations and contingent consideration | 1,043.58 | (68.22) |
| Loss on sale of investment in subsidiaries (Refer note 40.3) | - | (14.35) |
| Fair valuation of derivative instruments | (3.78) | - |
| Total | (776.80) | 216.17 |

Note

On March 31, 2020, US Food and Drug Administration (US FDA or the Agency) issued letters to all manufacturers of Ranitidine across dosage forms requesting withdrawal of all prescription (Rx) and over-the-counter (OTC) Ranitidine drugs from the market immediately. This step was based on their ongoing investigation of the N-Nitrosodimethylamine (NDMA) impurity in Ranitidine medications. As a result, effective 1 April 2020, the Group has ceased further distribution of the product and is currently in the process of withdrawing the product from the market.

Pursuant to the above, the Group has estimated the probable sales returns of Ranitidine from the customers and pharmacies. This withdrawal required the Group to record an additional sales return provision of ₹ 1,489.8 Million which was recorded within revenues with the corresponding impact on cost of products sold of ₹ 251.3 Million. Further, the Group also wrote down all its existing inventories related to the product and that along with the cost of the products sold corresponding to the expected returns and expected costs of withdrawal cumulatively aggregating to ₹ 1131.12 Million has been classified as an exceptional item.

Note No.36 Tax expenses

| Particulars | ₹ in Million | |
|---|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Current tax | | |
| Current tax expense | 280.13 | 297.90 |
| Current tax relating to prior years reversed | (0.06) | (8.73) |
| | 280.07 | 289.17 |
| Deferred tax benefit | | |
| Deferred tax (benefit) / expense | (319.47) | (317.28) |
| Minimum alternative tax credit (availed)/utilised | 152.63 | (240.47) |
| | (166.84) | (557.75) |
| Total | 113.23 | (268.58) |

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2020

The reconciliation of estimated income tax expenses at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

| Particulars | ₹ in Million | |
|--|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Profit before income taxes | | |
| - from continuing operations | 546.80 | 623.96 |
| - from discontinued operations | (61.72) | 2,819.69 |
| | 485.08 | 3,443.65 |
| Indian statutory income tax rate | 34.944% | 34.944% |
| Expected income tax expense | 169.51 | 1,203.35 |
| Tax effect of adjustments to reconcile expected income tax expense to reported income tax expenses: | | |
| Income exempt from tax | (118.10) | (741.16) |
| Effect of expenses that are not deductible in determining taxable profit | 271.78 | 450.87 |
| Effect of concessions | (140.67) | (319.02) |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | (162.76) | (398.32) |
| Effect on recognition of past unrecognised deferred tax asset | (135.70) | (212.12) |
| Tax on share of equity accounted Joint venture and associates | 363.98 | 159.65 |
| Others (net) | (68.92) | 1.62 |
| Tax pertaining to discontinued operations | (65.89) | (413.48) |
| Total Income tax expense | 113.23 | (268.58) |

Refer note 12 for significant components of deferred tax assets and liabilities

Note No.37 Other comprehensive income

| Particulars | ₹ in Million | |
|---|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| A) Items that will not be reclassified to profit or loss | | |
| (i) Defined benefit obligations | (45.77) | (11.66) |
| Income tax on above | 8.32 | 4.25 |
| | (37.45) | (7.41) |
| (ii) FVOCI equity investments | (101.47) | 10.44 |
| Income tax on above | - | - |
| | (101.47) | 10.44 |
| Total [A] | (138.92) | 3.03 |
| B) Items that may be reclassified to profit or loss | | |
| (i) Cash flow hedge | (557.34) | (192.85) |
| Income tax on above | 179.82 | (18.97) |
| | (377.52) | (211.82) |
| (ii) Foreign currency translations | 887.14 | (427.20) |
| Income tax on above | - | - |
| | 887.14 | (427.20) |
| Total [B] | 509.62 | (639.02) |
| Total [A+B] | 370.70 | (635.99) |

Notes

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Note No.38 Details of research and development expenditure incurred (charged to statement of profit and loss)

| Particulars | ₹ in Million | |
|--|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Cost of materials consumed | 59.07 | 188.80 |
| Salaries, wages and bonus | 230.83 | 249.24 |
| Biostudy expenses | 82.51 | 141.94 |
| Legal and professional fees | 26.81 | 76.02 |
| Consumption of stores and spares | 114.98 | 128.43 |
| Regulatory expenses | 88.36 | 51.62 |
| Travelling and conveyance | 5.15 | 7.92 |
| Depreciation and amortisation expenses | 100.86 | 95.90 |
| Others | 331.08 | 345.96 |
| Total | 1,039.65 | 1,285.83 |

Note No.39 Business combinations (including acquisitions of non controlling interest)

During year ended March 31, 2020:

| Entity / Business Acquired | Principal Activity | Date of Acquisition | Note Reference |
|---|------------------------------------|---------------------|----------------|
| Strides Pharma Science Pty Ltd, Australia | Trading in Pharmaceutical products | Aug 8, 2019 | Refer Note A |
| Strides Nordics Aps | Trading in Pharmaceutical products | Dec 4, 2019 | Refer Note B |
| Generic Partners International Pte Ltd | Trading in Pharmaceutical products | July 15, 2019 | Refer Note C |
| Generic Partners Canada, Inc | Trading in Pharmaceutical products | July 15, 2019 | Refer Note C |
| Generic Partners (R&D) Pte Ltd | Trading in Pharmaceutical products | July 15, 2019 | Refer Note D |
| Strides Arcolab (Australia) Pty Ltd | Trading in Pharmaceutical products | June 28, 2019 | Refer Note E |

Note A:

Strides Pharma Global Pte Limited, Singapore, a wholly owned subsidiary of the Group, acquired 100% equity interest in Strides Pharma Science Pty Ltd, Australia thereby, making it a wholly owned subsidiary of the Group.

Note B:

Strides Pharma Global Pte Limited, Singapore, a wholly owned subsidiary of the Group, acquired 100% equity interest in Strides Nordics Aps, thereby, making it a wholly owned subsidiary of the Group.

Note C:

Strides Pharma Global Pte Limited, Singapore, a wholly owned subsidiary of the Group, acquired remaining 49% equity interest in Generic Partners International Pte Ltd, Singapore, thereby, making it a wholly owned subsidiary of the Group. Pursuant to the acquisition, Generic partners Canada, Inc, Canada, wholly owned subsidiary of Generic Partners International Pte Ltd had become a wholly owned subsidiary of the Group.

Note D:

Strides Pharma Global Pte Limited, Singapore, a wholly owned subsidiary of the Group, acquired remaining 81% equity interest in Generic Partners R&D Pte Ltd, Singapore, thereby, making it a wholly owned subsidiary of the Group.

Note E:

Strides Pharma Global Pte Limited, Singapore, a wholly owned subsidiary of the Group, acquired 1 partly paid class A shares in Strides Arcolab (Australia) Pty Lt, Australia, thereby, making it a wholly owned subsidiary of the Group.

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Consideration transferred (acquisition of subsidiaries):

| Particulars | ₹ in Million | | |
|--------------|---------------------------------|---|---------------------|
| | Generic Partners (R&D) Pte ltd* | Strides Pharma Science Pty Ltd, Australia | Strides Nordics Aps |
| Cash | 0.00 | 0.05 | 0.45 |
| Total | 0.00 | 0.05 | 0.45 |

Consideration transferred (acquisition of non-controlling interest):

| Particulars | ₹ in Million | |
|--------------|-------------------------------------|---|
| | Strides Arcolab (Australia) Pty Ltd | Generic Partners International Pte ltd* |
| Cash | 145.22 | 0.00 |
| Total | 145.22 | 0.00 |

*Amounts are not presented, since the amounts are rounded off to Rupees million.

Assets acquired and liabilities recognised at the date of acquisition:

| Particulars | ₹ in Million | | |
|---|----------------------------------|---|---------------------|
| | Generic Partners (R&D) Pte ltd * | Strides Pharma Science Pty Ltd, Australia | Strides Nordics Aps |
| Non-current assets (includes intangibles at fair value) | - | - | - |
| Current assets | 0.21 | 0.05 | 0.45 |
| Non-current liabilities | - | - | - |
| Current liabilities | (0.21) | - | - |
| Net assets | - | 0.05 | 0.45 |

During year ended March 31, 2019:

| Entity / Business Acquired | Principal Activity | Date of Acquisition | Note Reference |
|---|---|---------------------|----------------|
| Generic Partners UK Limited, UK | Supplying and distributing generic pharmaceutical products | 7-Dec-18 | Refer Note A |
| Generic Partners (South Africa) Pty Limited, South Africa | Supplying and distributing generic pharmaceutical products | 7-Jan-19 | Refer Note B |
| Strides Pharma Canada Inc, Canada | Trading in pharmaceutical products | 2-Jan-19 | Refer Note C |
| Vensun Pharmaceuticals Inc, USA | Trading in pharmaceutical products | 30-Jan-19 | Refer Note D |
| Pharmapar Inc, Canada | Trading in pharmaceutical products | 12-Feb-19 | Refer Note E |
| Strides Vivimed Pte Limited, Singapore | Trading in pharmaceutical products | 29-Mar-19 | Refer Note F |
| Vivimed Lifesciences Private Limited, India | Manufacturing, development and trading in pharmaceutical products | 29-Mar-19 | Refer Note G |

Note A:

Strides Pharma Global Pte Limited, Singapore, a wholly owned subsidiary of the Group, acquired remaining 49% equity interest in Generic Partners UK Limited, UK, thereby, making it a wholly owned subsidiary of the Group.

Note B:

Strides Pharma Global Pte Limited, Singapore, a wholly owned subsidiary of the Group, acquired remaining 49% equity interest in Generic Partners (South Africa) Pty Limited, South Africa, thereby, making it a wholly owned subsidiary of the Group.

Note C:

Strides Pharma Global Pte Limited, Singapore, a wholly owned subsidiary of the Group, acquired remaining 30% equity interest in Strides Pharma Canada Inc, Canada ,thereby, making it a wholly owned subsidiary of the Group.

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Note D:

Strides Pharma Inc, USA, a wholly owned subsidiary of the Group, acquired 100% of equity interest in Vensun Pharmaceuticals Inc., USA ("Vensun"). The Group has accounted for this acquisition as a purchase of business in accordance with Ind AS 103 "Business Combinations" in these consolidated financial statements with effect from January 30, 2019.

Note E:

Strides Pharma Canada Inc, Canada, a wholly owned subsidiary of the Group, acquired 80% of equity interest in Pharmapar Inc., Canada ("Pharmapar"). The Group has accounted for this acquisition as a purchase of business in accordance with Ind AS 103 "Business Combinations" in these consolidated financial statements with effect from February 12, 2019.

Note F:

Strides Pharma Global Pte Limited, Singapore, a wholly owned subsidiary of the Group, acquired remaining 50% equity interest in Strides Vivimed Pte Limited, Singapore, thereby, making it a wholly owned subsidiary of the Group.

Note G:

Strides Pharma Science Limited, India during the current year acquired remaining 50% controlling equity stake in Vivimed Lifesciences Private Limited, India ("VLSPL"), thereby making it a wholly owned subsidiary of the Group. The Group has accounted for this acquisition as a purchase of business in accordance with Ind AS 103 "Business Combinations" in these consolidated financial statements with effect from March 29, 2019.

The Group owned 50% of non-controlling interest in VLSPL until the date of acquisition of remaining 50% controlling interest in VLSPL. The Group therefore, in accordance with Ind AS 103 "Business Combinations" recorded a gain of ₹ 270.39 million being the difference in the fair value of non-controlling interest and carrying value of the non-controlling interest in VLSPL, in accordance with the computation below.

The gain has been recorded under the head "Exceptional items" in the Statement of Profit and Loss.

| Particulars | ₹ in Million | |
|---|--------------|---------------|
| | Amount | |
| Fair value of VLSPL | | 1,488.53 |
| Fair value of non-controlling interest held by the Group in VLSPL | | 744.28 |
| Carrying value of non-controlling interest in VLSPL with Strides Group on the date of acquisition | | 473.88 |
| Gain recorded under exceptional items on acquisition of remaining 50% controlling interest | | 270.39 |

The resulting cost of acquisition of VLSPL for the Group is ₹ 1,433.07 million.

Consideration transferred (acquisition of subsidiaries):

| Particulars | ₹ in Million | | |
|-------------------------------|-----------------------------|---------------|--------------------------------------|
| | Vensun Pharma-ceuticals Inc | Pharmapar Inc | Vivimed Lifesciences Private Limited |
| Cash | 453.91 | 197.16 | 265.03 |
| Consideration other than cash | - | - | 383.26 |
| Contingent consideration | 449.70 | - | 40.51 |
| Total | 903.61 | 197.16 | 688.80 |

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Consideration transferred (acquisition of non-controlling interest):

| Particulars | ₹ in Million | | | |
|------------------------|------------------------------|------------------------------------|---------------------------|-----------------------------|
| | Generic Partners UK Limited* | Generic Partners (SA) Pty Limited* | Strides Pharma Canada Inc | Strides Vivimed Pte Limited |
| Cash | 6.45 | 0.01 | 0.02 | - |
| Deferred consideration | - | - | - | 16.60 |
| Total | 6.45 | 0.01 | 0.02 | 16.60 |

* The Group has acquired the shares held by non-controlling interest in Generic Partners UK Limited and Generic Partners (SA) Pty Limited from its non-wholly owned subsidiary 'Generic Partners (International) Pte Limited, Singapore' in which the group holds 51% stake and therefore, there has not been any cash out-flow for the acquisition of non-controlling interest in the aforesaid entities.

Assets acquired and liabilities recognised at the date of acquisition:

| Particulars | ₹ in Million | | |
|---|-----------------------------|---------------|--------------------------------------|
| | Vensun Pharma-ceuticals Inc | Pharmapar Inc | Vivimed Lifesciences Private Limited |
| Non-current assets (includes intangibles at fair value) | 1,222.35 | 102.99 | 692.92 |
| Current assets | 786.65 | 138.17 | 673.76 |
| Non-current liabilities | - | (20.91) | (81.05) |
| Current liabilities | (2,916.30) | (119.57) | (1,008.32) |
| Net assets | (907.29) | 100.68 | 277.31 |

During the current year, the Group has finalised the purchase price allocation for these acquisitions. The changes did not have any material impact on the financial statements for the previous year.

Non-controlling interests

The Group has recognised non-controlling interests in an acquired entity at the non controlling interest's proportionate share of the acquired entity's net identifiable assets. Further, the Group has issued written put options to the non-controlling interests of certain subsidiaries to purchase their equity shares in accordance with the terms of underlying agreement with such shareholders. Should the option be exercised, the Group has to settle such liability by payment of cash. The amount that may become payable under the option on exercise is recognised as a financial liability at its present value with a corresponding charge directly to the shareholders' equity. Details of initial recognition of such gross obligation, non-controlling interests and goodwill arising on such acquisitions have been given in the below table:

Calculation of Goodwill arising on acquisition:

Acquisitions during the year ended March 31, 2020:

| Particulars | ₹ in Million | | |
|---|----------------------------------|---|---------------------|
| | Generic Partners (R&D) Pte Ltd * | Strides Pharma Science Pty Ltd, Australia | Strides Nordics Aps |
| Consideration transferred | 0.00 | 0.05 | 0.45 |
| Less: Fair value of identifiable net assets/ (net liabilities) acquired | - | 0.05 | 0.45 |
| Goodwill arising on acquisition | - | - | - |

Acquisition of non-controlling interest:

During the current year, the Group has acquired the non-controlling interests in below subsidiaries, thereby, making them wholly owned subsidiaries of the Group.

- Generic Partners International Pte Ltd (including Generic Partners Canada Inc.)
- Strides Arcolab (Australia) Pty Ltd

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Pursuant to the acquisition of non-controlling interest, the excess of consideration paid over the non-controlling interest balance and gross obligation under written put option carried as on the date of acquisition, has been debited or credited to the equity under the head 'Capital reserve' based on the below calculations:

| Particulars | ₹ in Million | |
|---|-------------------------------------|--|
| | Strides Arcolab (Australia) Pty Ltd | Generic Partners International Pte Ltd * |
| Consideration transferred | 145.22 | 0.00 |
| Less: Carrying value of non-controlling interest | 0.01 | (3.05) |
| Amount debited/(credited) to Capital reserve | 145.21 | 3.05 |

Acquisitions during the year ended March 31, 2019:

| Particulars | ₹ in Million | | |
|---|----------------------------|---------------|--------------------------------------|
| | Vensun Pharmaceuticals Inc | Pharmapar Inc | Vivimed Lifesciences Private Limited |
| Consideration transferred | 903.61 | 197.16 | 688.80 |
| Fair value of existing non-controlling interest held | - | - | 744.28 |
| Add: Non-controlling interests | - | 20.14 | - |
| Less: Fair value of identifiable net assets/ (net liabilities) acquired | (907.29) | 100.68 | 277.31 |
| Goodwill arising on acquisition | 1,810.90 | 116.62 | 1,155.77 |
| Initial recognition of gross obligation over written put options issued to the non-controlling interests | - | 85.37 | - |

Goodwill arising on acquisitions pertains to the below Cash generating units

| Particulars | ₹ in Million | |
|--------------------------------------|-------------------------|----------|
| | Cash generating units | Amount |
| Vensun Pharma-ceuticals Inc | United States | 1,810.90 |
| Pharmapar Inc | Other regulated markets | 116.62 |
| Vivimed Lifesciences Private Limited | United States | 1,155.77 |

Goodwill arose in the acquisition of the above said entities because the consideration paid for the combinations effectively included amounts in relation to the benefit of expected synergies, future market development and the assembled workforce. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Acquisition of non-controlling interest:

During the previous year, the Group has acquired the non-controlling interests in below subsidiaries, thereby, making them wholly owned subsidiaries of the Group.

- Generic Partners UK Limited, UK
- Generic Partners (South Africa) Pty Limited, South Africa
- Strides Pharma Canada Inc, Canada
- Strides Vivimed Pte Limited, Singapore

Pursuant to the acquisition of non-controlling interest, the excess of consideration paid over the non-controlling interest balance and gross obligation under written put option carried as on the date of acquisition, has been debited or credited to the equity under the head 'Capital reserve' based on the below calculations:

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| Particulars | ₹ in Million | | | |
|---|-----------------------------|-----------------------------------|---------------------------|-----------------------------|
| | Generic Partners UK Limited | Generic Partners (SA) Pty Limited | Strides Pharma Canada Inc | Strides Vivimed Pte Limited |
| Consideration transferred | 6.45 | 0.01 | 0.02 | 16.60 |
| Less: Carrying value of non-controlling interest | (29.80) | 0.06 | 5.11 | (76.56) |
| Amount debited/(credited) to Capital reserve | (23.35) | 0.07 | 5.13 | (59.96) |

Net cash outflow on acquisition of subsidiaries / Business / non-controlling interest

| Particulars | ₹ in Million | |
|--|---------------------------|---------------------------|
| | Year ended March 31, 2020 | Year ended March 31, 2019 |
| Consideration paid in cash | 145.72 | 916.12 |
| Less: Cash and cash equivalent balances acquired | - | (305.57) |
| Net cash outflow on acquisition | 145.72 | 610.55 |

Impact of acquisitions on the results of the Group:

Acquisitions during 2019-20:

Results from continuing operations for the year ended March 31, 2020 includes the following revenue and profit generated from the new acquisitions:

| Particulars | ₹ in Million | | |
|------------------------------|--------------------------------|---|---------------------|
| | Generic Partners (R&D) Pte Ltd | Strides Pharma Science Pty Ltd, Australia | Strides Nordics Aps |
| Revenue | - | - | 55.30 |
| Profit / (loss) for the year | (1.94) | (17.94) | 11.37 |

If the acquisition had occurred on April 1, 2019, Management estimates that the above acquisition would not have any material impact on consolidated revenue and Profit / (loss) for the Group as these entities were recently incorporated or did not have any material operations prior to the acquisition date.

Acquisitions during 2018-19:

Results from continuing operations for the year ended March 31, 2019 includes the following revenue and profit generated from the new acquisitions:

| Particulars | ₹ in Million | | |
|------------------------------|----------------------------|---------------|--------------------------------------|
| | Vensun Pharmaceuticals Inc | Pharmapar Inc | Vivimed Lifesciences Private Limited |
| Revenue | 196.74 | 44.26 | - |
| Profit / (loss) for the year | (11.34) | 13.52 | - |

The above excludes impact of unwinding of discount on gross obligation towards written put options given to non-controlling interests and unwinding of discount on contingent consideration payable.

If the acquisition had occurred on April 1, 2018 management estimates that consolidated revenue for the Group pertaining to these acquisitions would have been ₹ 2,057 Million and the loss would have been ₹ 217 Million for twelve months ended March 31, 2019. The pro-forma amounts are not necessarily indicative of the results that would have occurred if the acquisition had occurred on date indicated or that may result in the future.

In determining the 'pro-forma' revenue and profit of the Group had new entity / business been acquired at the beginning of the current year, the Group has:

- calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements;

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- calculated borrowing costs on the funding levels, credit ratings and debt/equity position of the Group after the business combination; and
- excluded takeover defence costs of the acquiree as a one-off pre-acquisition transaction.

Note No.40 Discontinued operations:

The combined results of the discontinued operations of the businesses disposed-off as explained in Notes 40.1 to 40.2, are set out below. The comparative profit and cash flows from discontinued operations have been presented as if these operations were discontinued in the prior year as well.

| Particulars | Reference | ₹ in Million | |
|---|-----------|-----------------|-----------------|
| | | Year ended | |
| | | March 31, 2020 | March 31, 2019 |
| Revenue | | 2,291.49 | 9,299.57 |
| Other income | | 13.48 | 50.50 |
| Total revenue from discontinued operations (I) | | 2,304.97 | 9,350.07 |
| Depreciation and amortisation expense | | 140.89 | 544.60 |
| Other expenses charged-off to the Statement of Profit and Loss | | 2,348.24 | 8,708.88 |
| Total expenses from discontinued operations (II) | | 2,489.13 | 9,253.48 |
| Loss from discontinued operation (III = I - II) | | (184.16) | 96.59 |
| Gain / (loss) on disposal of: | | | |
| - Australia business | 40.1 | 122.44 | - |
| - investments in entities manufacturing specialty products | 40.2 | - | 2,738.74 |
| - Strides API Research Centre (SRC) | 40.1.1 | - | (47.01) |
| - pharma generics business in Africa | | - | 31.37 |
| Net gain / (loss) on disposal of businesses (IV) | | 122.44 | 2,723.10 |
| Gain / (Loss) from discontinued operations before tax (V = III + IV) | | (61.72) | 2,819.69 |
| Attributable income tax expense (VI) | | 65.89 | 413.48 |
| Net gain / (loss) from discontinued operations after tax (V - VI) | | (127.61) | 2,406.21 |

Cash flows from discontinued operations

| Particulars | ₹ in Million | |
|--|-----------------|-----------------|
| | Year ended | |
| | March 31, 2020 | March 31, 2019 |
| Net cash inflows/(outflows) from operating activities | 203.96 | 979.50 |
| Net cash inflows/(outflows) from investing activities* | 12,376.31 | 3,396.37 |
| Net cash inflows/(outflows) from financing activities | (12,837.68) | (248.00) |
| Net cash inflows/(outflows) | (257.41) | 4,127.87 |

* Including cash flow on disposal of assets and liabilities of the discontinued operations

40.1 Disposal of investment in other entities:

Sale of Australia business:-

During the previous year, the Board of Directors had proposed to divest the Group's equity interest in the Australia business to Dennis Bastas- Executive Chairman of Arrow Pharmaceuticals Pty Limited, Australia (Arrow). Further, the group had obtained the approval from the Company's shareholders' in the EGM held on March 27, 2019.

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On July 10, 2019, the Group completed the divestment of its Australia business for a consideration of AUD 406 Million (including a deferred consideration of AUD 106 Million) reduced by the bank debt settlement of AUD 22.47 Million. Additionally, the Group has retained global access to IP's of over 140 products and has concurrently entered into a preferred supply agreement with Arrotex. The resulting gain from the disposal of ₹ 122.44 Million is accounted under the head "Gain on disposal of assets attributable to the discontinued operations (net)" and is presented as part of discontinued operations.

(a) Consideration received

| Particulars | ₹ in Million |
|--|------------------|
| Consideration received in cash | 13,375.89 |
| Fair value of intangibles and product supply agreement | 914.88 |
| Deferred consideration | 4,168.50 |
| Total consideration | 18,459.27 |

(b) Carrying value of asset and liabilities as on the date of disposal

| Particulars | ₹ in Million |
|--------------------------------|------------------|
| Non-current assets | 21,102.46 |
| Current assets | 5,712.16 |
| Non-current liabilities | (6,032.17) |
| Current liabilities | (2,584.77) |
| Net assets disposed off | 18,197.68 |

(c) Loss on disposal

| Particulars | ₹ in Million |
|---------------------------------|---------------|
| Consideration received | 18,459.27 |
| Net assets disposed off | (18,197.68) |
| Expenses pertaining to disposal | (139.15) |
| Gain on disposal | 122.44 |

(d) Net cash inflow on disposal

| Particulars | ₹ in Million |
|--|---------------|
| Consideration received in cash | 13,375.89 |
| Less: Expenses pertaining to disposal | (139.15) |
| Less: Borrowing repaid | (12,336.60) |
| Less: Cash and cash equivalent balances disposed off | (729.58) |
| Net Cash inflow | 170.56 |

40.1.1 Strides API Research Centre ("SRC"):

The Board of directors of the Company approved the sale of SRC to Solara Active Pharma Sciences Limited on March 31, 2018. Subsequently on April 20, 2018, the Group entered into Business Purchase Agreement with Solara Active Pharma Sciences Limited, India ("Solara") to sell the assets (consisting of Plant & machinery, equipment, computer software and other related capital work in progress) and business conducted by the Group at SRC along with the employees. Details of assets and liabilities disposed off, and the calculation of the profit or loss on disposal are explained below:

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(a) Consideration received

| Particulars | ₹ in Million | |
|--------------------------------|--------------|---------------|
| | | Total |
| Consideration received in cash | | 347.57 |
| Total consideration | | 347.57 |

(b) Carrying value of asset and liabilities as on the date of disposal

| Particulars | ₹ in Million | |
|--------------------------------|--------------|---------------|
| | | Total |
| Non-current assets | | 342.55 |
| Current assets | | 14.53 |
| Non-current liabilities | | (8.26) |
| Current liabilities | | (21.17) |
| Net assets disposed off | | 327.65 |

(c) Loss on disposal

| Particulars | ₹ in Million | |
|---------------------------------|---------------------------|----------------|
| | Year ended March 31, 2019 | |
| Consideration received | | 347.57 |
| Net assets disposed off | | (327.65) |
| Expenses pertaining to disposal | | (66.93) |
| Loss on disposal | | (47.01) |

(d) Net cash inflow on disposal

| Particulars | ₹ in Million | |
|--|---------------------------|---------------|
| | Year ended March 31, 2019 | |
| Consideration received in cash | | 347.57 |
| Less: Expenses pertaining to disposal | | (66.93) |
| Less: Cash and cash equivalent balances disposed off | | (0.02) |
| Net Cash inflow | | 280.62 |

40.2 Sale of investments in entities manufacturing specialty products

The Company and its wholly owned subsidiary Strides Pharma Asia Pte Limited (“Strides Singapore”) entered into definitive agreements on February 27, 2013 with Mylan Inc. for sale of the Specialty products business. The transactions under the respective agreements were by way of (i) sale of investment held in Agila Specialties Private Limited (“ASPL”, an erstwhile wholly owned subsidiary of the Company), to Mylan Laboratories Limited (“MLL”), a Mylan group company and (ii) the sale of investment held in Agila Specialties Global Pte Limited (“Agila Global”, an erstwhile wholly owned subsidiary of Strides Singapore) to Mylan Institutional Inc, another Mylan group company. MLL and Mylan Institutional Inc. together are referred to below as Mylan.

The sale of shares of ASPL was recorded by the Company in terms of the Sale and Purchase Agreement dated December 4, 2013 (the “India SPA”). The sale of shares of Agila Global was recorded by Strides Singapore in terms of another Sale and Purchase Agreement dated December 4, 2013 (the “Global SPA”).

The Company, as part of the sale, has provided a corporate guarantee to Mylan Inc. for US\$200 Million (valid up to December 4, 2020) on behalf of Strides Singapore which can be used for discharging specified financial obligations, if any, of Strides Singapore to Mylan, which has been included under contingent liabilities as at March 31, 2020 and March 31, 2019 in Note 42.

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40.2.1 Income recognised under discontinued operations:

In accordance with the terms of the India SPA and the Global SPA (together the “SPA’s”) and other transaction documents, certain amounts were set aside under separate deposit / escrow accounts which were required to be utilised for specified expenses during the specified period. These included separate escrow / deposit of US\$100 Million in respect of potential claims in relation to certain regulatory concerns (“Regulatory escrow”) and US\$100 Million in respect of potential claims in relation to the warranties and indemnities, including in relation to tax (“General claims escrow”). Further, ₹ 850 Million was set aside in separate Escrow for payment to certain specified senior management personnel of ASPL and its subsidiary.

Any unutilised amounts from the deposit / escrow accounts after the specified period were payable to the respective entities of the Group. Given the uncertainties involved and in the absence of a right to receive, the amounts under the deposit / escrow arrangements were not included in the consideration accounted as income by the Group at the time of disposal of the investments. Receipts from these deposit / escrow accounts were recognised subsequently (net of related expenses incurred) in the period in which such amounts were received by the Group.

During the earlier years, the Company had received notifications of claims from Mylan under the terms of the SPAs. These included claims against the regulatory escrows, tax claims, warranty and indemnity claims, and third party claims. Under the terms of the SPAs, claims against the Company / Strides Singapore can only be made under specific provisions contained in the SPAs which include the procedures and timelines for submission of notifications of claims and actual claims and commencing arbitration proceedings.

In previous years, a significant portion of these claims were settled out of the Regulatory Escrow deposit and the remaining balance of the Escrow account was recognised as income on full and final settlement of related claims. Further, the Company and Mylan also agreed on full and final settlement of warranty and indemnity claims to be adjusted against the ‘General Claims Escrow’. During the previous period, the Group and Mylan was in arbitration proceedings for certain third party claims.

During the previous year, the arbitration proceedings with respect to the third party claims was settled in favor of the Group and Mylan. The Group and Mylan have entered into an agreement whereby Mylan has released the pending balance in Escrow account amounting to ₹ 3,569.78 Million (US\$51.09 Million). Consequently, the Group had recorded a gain of ₹ 2,738.74 Million under discontinued operations after adjusting for related expenses and outstanding tax claims. There are certain tax claims which are pending under the terms of the SPAs for which the Group has created adequate provision in the books.

The Group had considered hive-off of the Specialties business as discontinued operations. Accordingly, the income/(loss) referred above have been recognised under discontinued operations as under:

| Particulars | ₹ in Million | |
|--|----------------|-----------------|
| | Year ended | |
| | March 31, 2020 | March 31, 2019 |
| Gain/(Loss) on settlement of contingencies attributable to the discontinued operations (net) | - | 2,738.74 |
| Profit before tax from discontinued operations | - | 2,738.74 |

Cash flows from discontinued operations

| Particulars | ₹ in Million | |
|---|-----------------|-----------------|
| | Year ended | |
| | March 31, 2020 | March 31, 2019 |
| Net cash inflows/(outflows) from operating activities | | - |
| Net cash inflows/(outflows) from investing activities | (130.85) | 3,410.07 |
| Net cash inflows/(outflows) from financing activities | | - |
| Net cash inflows/(outflows) | (130.85) | 3,410.07 |

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40.3 Sale of investment in Strides Chemicals Private Limited, India (“SCPL”):

During the previous year, the Group obtained approval from the shareholders for sale of 100% equity interest in SCPL, a wholly owned subsidiary, to Solara Active Pharma Sciences Limited, India for a consideration of not less than ₹ 1,310 Million. Consequently, the disposal was completed on August 31, 2018 on which date the investment was transferred to the acquirer. Details of assets and liabilities disposed off, and the calculation of the profit or loss on disposal are explained below:

(a) Consideration received

| Particulars | ₹ in Million | |
|---|----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Consideration received in cash and cash equivalents | 551.00 | 759.00 |
| Deferred sales proceeds | - | 551.00 |
| Total consideration | 551.00 | 1,310.00 |

(b) Carrying value of asset and liabilities as on the date of disposal

| Particulars | ₹ in Million | |
|--------------------------------|----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Non-current assets | - | 1,082.44 |
| Current assets | - | 438.90 |
| Non-current liabilities | - | (3.17) |
| Current liabilities | - | (208.89) |
| Net assets disposed off | - | 1,309.28 |

(c) Loss on disposal

| Particulars | ₹ in Million | |
|---------------------------|----------------|----------------|
| | Year ended | |
| | March 31, 2020 | March 31, 2019 |
| Consideration received | - | 1,310.00 |
| Net assets disposed off | - | (1,309.28) |
| Goodwill on consolidation | - | (15.07) |
| Loss on disposal | - | (14.35) |

During the year ended March 31, 2018, the Group had impaired the Goodwill belonging to the said investment amounting to ₹14.12 Million in the Statement of Profit and Loss and was included under Exceptional Items.

(d) Net cash inflow on disposal

| Particulars | ₹ in Million | |
|--|----------------|----------------|
| | Year ended | |
| | March 31, 2020 | March 31, 2019 |
| Consideration received in cash and cash equivalents | 551.00 | 759.00 |
| Less: Cash and cash equivalent balances disposed off | - | (35.42) |
| Net Cash inflow | 551.00 | 723.58 |

40.4 Disposal of Consumer Healthcare (CHC) Business (Loss of control):

The Board of Directors of the Company in their meeting held on October 31, 2018, have approved the execution of definitive agreements with India Lifescience Fund III, LLC (ILF) to provide growth capital and focused attention to its Consumer Healthcare Business (CHC). Pursuant to the above, Strides Global Consumer Healthcare Limited, UK and Strides Consumer LLC, USA have been formed as wholly owned subsidiaries of the group.

Further, the group entered into “Investment Agreements” on November 1, 2018 with ILF, wherein, ILF has agreed to invest an amount of US\$20.00 Million for 46.36% controlling stake in the CHC business. Out of the above, US\$12.50 Million has been invested during December 2018 and balance amount of US\$7.50 Million to be invested at the end of FY 2019-20 contingent on fulfilling of certain conditions as specified in the agreement.

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Pursuant to the above agreements, the Group's representation in the Board of Directors of entities carrying out CHC business has been reduced to 2 director out of the total strength of 4 directors.

Considering that the Board of Directors of entities carrying out CHC business have rights and power to set the relevant activities of CHC business and appoint the managerial personnel to execute those activities and also the fact that the resolution in the meeting of Board of Directors can be passed by a simple majority of the directors, the group has lost control over CHC business with effect from December 18, 2018 as the Group would no longer be able to control the relevant activities decided by the Board of Directors of CHC business, even though the group continues to hold 53.64% stake in CHC business. However, considering the Group's representation in the Board of Directors of CHC business to participate in the decision making process and its majority voting rights as shareholders, Strides exercises significant influence over CHC business. As a result, entities carrying out CHC business ceased to be the subsidiaries of the group with effect from December 18, 2018 and became associates of the group. In accordance with the accounting policy of the Group in line with the requirements of Ind AS 110 ‘Consolidated Financial Statements’, the resulting gain of ₹ 587.94 Million, being the excess of fair value of the retained interest over the carrying value of net assets in CHC business on loss of control over CHC business, has been accounted under exceptional items for the year ended March 31, 2019.

Following the above, the below entities have become associates of the group:

- Strides Consumer Private Limited, India
- Strides Global Consumer Healthcare Limited, UK
- Strides Consumer LLC, USA

(a) Fair value of Investment on the date of loss of control

| Particulars | March 31, 2019 |
|---|-----------------|
| Investment commitment by ILF (US\$ Million) | 20.00 |
| % equity interest divested in CHC business (%) | 46.36% |
| Fair value of 100% of CHC business (US\$ Million) | 43.14 |
| Strides retained % equity interest in CHC business (%) | 53.64% |
| Fair value of retained investment (US\$ Million) | 23.14 |
| Fair value of retained investment (₹ Million) | 1,616.79 |

(b) Carrying value of assets and liabilities derecognised pursuant to loss of control

| Particulars | ₹ in Million |
|--------------------------------|-----------------|
| | March 31, 2019 |
| Non-current assets | 985.65 |
| Current assets | 134.99 |
| Non-current liabilities | (0.58) |
| Current liabilities | (91.21) |
| Net assets derecognised | 1,028.85 |

(c) Gain on loss of control

| Particulars | ₹ in Million |
|---|---------------------------|
| | Year ended March 31, 2019 |
| Fair value of investment on the date of loss of control | 1,616.79 |
| Net assets derecognised | (1,028.85) |
| Gain on loss of control | 587.94 |

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(d) Net cash outflow on loss of control

| Particulars | ₹ in Million | |
|--|---------------------------|--|
| | Year ended March 31, 2019 | |
| Consideration received in cash and cash equivalents | - | |
| Less: Cash and cash equivalent balances derecognised | (0.88) | |
| Net Cash outflow | (0.88) | |

Note No.41 Commitments

| Particulars | ₹ in Million | |
|---|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Estimated amount of contracts remaining to be executed on capital account (Tangible and Intangible assets) and not provided for (net of advances) | 466.78 | 464.67 |

Note No.42 Contingent liabilities (to the extent not provided for)

| Particulars | ₹ in Million | |
|---|------------------|------------------|
| | March 31, 2020 | March 31, 2019 |
| a) Claims against the Group not acknowledged as debt | | |
| - Disputed tax liabilities arising from assessment proceedings relating to earlier years from the income tax authorities. The outflow, if any, on account of disputed taxes is dependent on completion of assessments / disposal of appeals and adjustment for payments made under protest. | 1,844.86 | 1,719.09 |
| - Disputed excise, custom, service tax and sales tax liabilities arising from assessment proceedings relating to prior years. The outflow, if any, on account of disputed liabilities is dependent on completion of assessments / disposal of appeals and adjustment for payments made under protest. | 581.61 | 607.30 |
| b) Corporate Guarantees (also refer note 40.2) | 21,362.19 | 30,829.68 |

(i) In light of the judgment of Honorable Supreme Court dated February 28, 2019 on the definition of “Basic Wages” under the Employees Provident Funds & Misc. Provisions Act, 1952 and based on Group’s evaluation, there are significant uncertainties and numerous interpretative issues relating to the judgement and hence It is unclear as to whether the clarified definition of Basic Wages would be applicable prospectively or retrospectively. The amount of the obligation therefore cannot be measured with sufficient reliability for past periods and hence has currently been considered to be a contingent liability.

(ii) Other than the matters disclosed above, the Group is also involved in other disputes including patent and commercial matters that arise from time to time in the ordinary course of business. Management is of the view that the resolution of these disputes will not have any material adverse effect on the Group’s financial position or results of operations.

Note No.43 Segment information

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker (CODM) in deciding how to allocate resources and assessing performance. The Group’s CODM is the Managing Director.

The Group’s operations for the current and previous year relate only to the “Pharmaceutical business” and accordingly no separate disclosure for business segments is being provided

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Disclosures regarding geographical information: The geographical information of the Group’s revenues and assets are shown separately in the table below. Segment revenues has been disclosed based on geographical location of the customers. Segment assets has been disclosed based on the geographical location of the respective assets.

Information regarding geographical revenue from operations is as follows (including discontinued operations) :

| Geography | ₹ in Million | |
|------------------------|--------------------|------------------|
| | For the year ended | |
| | March 31, 2020 | March 31, 2019 |
| Africa | 2,987.94 | 3,936.80 |
| Australia | 3,957.54 | 9,342.38 |
| Asia (excluding India) | 222.83 | 322.73 |
| North America | 16,000.81 | 12,172.98 |
| Europe | 5,034.76 | 3,177.03 |
| India | 1,162.94 | 1,091.57 |
| Others | 211.14 | 73.29 |
| Total | 29,577.96 | 30,116.78 |

Information regarding geographical non-current assets is as follows*:

| Geography | ₹ in Million | |
|------------------------|----------------------|----------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Africa | 2,658.22 | 2,709.93 |
| Australia | 37.37 | 20,570.85 |
| Asia (excluding India) | 7,868.17 | 4,964.66 |
| North America | 4,650.59 | 3,212.61 |
| Europe | 2,149.69 | 2,138.43 |
| India | 13,872.31 | 13,166.07 |
| Total | 31,236.35 | 46,762.55 |

*Non current assets are excluding financial instruments and deferred tax assets.

Note No.44

Intra-group loans amounting to US\$ Nil (previous year US\$71.60 Million) given by Strides Pharma Global Pte Limited, Singapore to its subsidiary Arrow Pharmaceuticals Pty Limited, Australia, are recognised as net investment in non-integral foreign operations in accordance with Ind AS 21 ‘The Effect of Changes in Foreign Exchange Rates’, and exchange fluctuation loss of ₹ 51.44 Million for the year ended March 31, 2020 (2019: ₹ 368.82 Million) arising out of reinstatement of such loans has been accumulated in foreign currency translation reserve through other comprehensive income. The loan has been settled as part of sale of Australia business referred in note 40.

Intra-group loans amounting to AUD: Nil (previous year AUD 9.65 Million) given by Strides Pharma Global Pte Limited, Singapore to its erstwhile associate Generic Partner (R&D) Pte Limited, Singapore, are recognised as net investment in non-integral foreign operations in accordance with Ind AS 21 ‘The Effect of Changes in Foreign Exchange Rates’, and exchange fluctuation loss of ₹ 5.09 Million for the year ended March 31, 2020 (2019: 33.26 Million) arising out of reinstatement of such loans has been accumulated in foreign currency translation reserve through other comprehensive income. The loan has been cancelled subsequent to 100% acquisition of shares by the group.

Further, Intra-group loans amounting to US\$3.37 Million (previous year US\$3.37 Million) given by Strides Pharma (Cyprus) Limited, Cyprus to its subsidiary Strides Lifesciences Limited, Nigeria, are recognised as net investment in non-integral foreign operations in accordance with Ind AS 21 ‘The Effect of Changes in Foreign Exchange Rates’, and exchange fluctuation loss of ₹ 13.48 Million (previous year exchange fluctuation gain: ₹ 1.82 Million) arising out of reinstatement of such loans has been accumulated in foreign currency translation reserve through other comprehensive income.

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Further, Intra-group loans amounting to US\$1.12 Million (previous year US\$3.42 Million) given by Strides Pharma Global Pte Limited, Singapore to its subsidiary Strides Pharma (Cyprus) Limited, Cyprus, are recognised as net investment in non-integral foreign operations in accordance with Ind AS 21 'The Effect of Changes in Foreign Exchange Rates', and exchange fluctuation loss of ₹ 2.34 Million (2019: ₹ 25.20 Million) arising out of reinstatement of such loans has been accumulated in foreign currency translation reserve through other comprehensive income.

Note No.45 Share-based payments

Details of the employee share option plan of the Company:

- (a) The ESOP titled "Strides Arcolab ESOP 2011" (ESOP 2011) was approved by the shareholders on May 30, 2011 for 1,500,000 options. Each option comprises one underlying equity share of the Company. The vesting period of these options range over a period of three years. The options must be exercised within a period of 30 days from the date of vesting. The plan is terminated and hence no options were granted under this plan during the current year.
- (b) The ESOP titled "Strides Arcolab ESOP 2015" (ESOP 2015) was approved by the shareholders on November 6, 2015 for 70,000 options. Each option comprises one underlying equity share of the Company. The vesting period of these options range over a period of four years. The options must be exercised within a period of 180 days from the date of vesting. No options were granted under this plan during the current year.
- (c) The ESOP titled "Strides ESOP 2016" (formerly known as Strides Shasun ESOP 2016) (ESOP 2016) was approved by the shareholders on April 21, 2016. 3,000,000 options are covered under the Plan which are convertible into equal number of equity shares of the Company. The vesting period of these options range over a period of three years. The options must be exercised within a period of one year from the date of vesting. Company has granted 100,000 options (Previous year: 338,000) under this scheme during the current year.
- (d) During the current year, Employee compensation costs of ₹ 17.53 Million (for the year ended March 31, 2019: ₹ 8.97 Million) (including costs debited to discontinued operations) relating to the above referred various Employee Stock Option Plans have been charged to the Statement of Profit and Loss.

Fair value of share options granted during the year

The fair value of the share options granted during the year under ESOP 2016 Lot VI, ESOP 2016 Lot VII & ESOP 2016 Lot VIII are ₹ 140.63, ₹ 153.15 and ₹ 173.97 respectively. Options were priced using a Black- Scholes method of valuation at grant date. Expected volatility is based on the historical share price volatility over the past 3 years.

Inputs into the model -

| Particulars | ESOP 2016 Lot VI | ESOP 2016 Lot VII | ESOP 2016 Lot VIII |
|-------------------------|------------------|-------------------|--------------------|
| No. of options | 25,000 | 50,000 | 25,000 |
| Grant date share price | ₹ 352.75 | ₹ 360.10 | ₹ 373.00 |
| Exercise price | ₹ 265.20 | ₹ 269.70 | ₹ 257.65 |
| Expected volatility | 27.28% | 32.67% | 35.76% |
| Option life | 3 Years | 3 Years | 3 Years |
| Expected Dividend % | 20.00% | 20.00% | 20.00% |
| Risk-free interest rate | 6.437% | 6.784% | 6.656% |

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Employee stock options details as on the balance sheet date are as follows:

| Particulars | During the year 2019-20 | | During the year 2018-19 | |
|--|-------------------------|--|-------------------------|--|
| | Options (No's) | Weighted average exercise price per option (₹) | Options (No's) | Weighted average exercise price per option (₹) |
| Option outstanding at the beginning of the year: | | | | |
| - ESOP 2011 | - | - | 40,000 | 322.30 |
| - ESOP 2015 | 563 | 231.79 | 10,692 | 273.92 |
| - ESOP 2016 | 457,500 | 394.15 | 280,000 | 757.70 |
| Granted during the year: | | | | |
| - ESOP 2011 | - | - | - | - |
| - ESOP 2015 | - | - | - | - |
| - ESOP 2016 | 100,000 | 265.56 | 338,000 | 306.00 |
| Exercised during the year: | | | | |
| - ESOP 2011 | - | - | (40,000) | 322.30 |
| - ESOP 2015 | (188) | 231.79 | (9,441) | 271.41 |
| - ESOP 2016 | (15,800) | 301.00 | - | - |
| Lapsed/ cancelled during the year: | | | | |
| - ESOP 2011 | - | - | - | - |
| - ESOP 2015 | (375) | 231.79 | (688) | 322.30 |
| - ESOP 2016 | (120,500) | 464.98 | (160,500) | 639.72 |
| Options outstanding at the end of the year:* | | | | |
| - ESOP 2011 | - | - | - | - |
| - ESOP 2015 | - | - | 563 | 231.79 |
| - ESOP 2016 | 421,200 | 346.86 | 457,500 | 394.15 |
| Options available for grant: | | | | |
| - ESOP 2011 | - | - | - | - |
| - ESOP 2015 | - | - | - | - |
| - ESOP 2016 | 2,543,000 | - | 2,522,500 | - |

* Includes options vested but not exercised as at March 31, 2020. ESOP 2016: 50,000 (March 31, 2019 Nil)

Note No.46 Employee Benefits Plans

Employee benefits pertaining to overseas subsidiaries have been accrued based on their respective local labour laws.

Defined contribution plan

The Group makes contributions to provident fund and employee state insurance schemes which are defined contribution plans, for qualifying employees. Under the schemes, the group is required to contribute a specified percentage of the payroll cost to fund the benefits. The group recognised ₹ 145.49 Million (previous year: ₹ 119.44 Million) (including costs debited to discontinued operations) for provident fund contributions, ₹ 3.73 Million (previous year: ₹ 2.97 Million) (including costs debited to discontinued operations) for employee state insurance scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. The Group has no obligations beyond its contributions.

Defined benefit plan

The Company and its Indian subsidiaries offers gratuity benefits, a defined employee benefit scheme to its employees.

Composition of the plan assets

The fund is managed by LIC, the fund manager. The details of composition of plan assets managed by the fund manager is not available with the Company. However, the said funds are subject to Market risk (such as interest risk, investment risk, etc.).

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The said benefit plan is exposed to actuarial risks such as longevity risk and salary risk.

| | |
|-----------------------|---|
| Longevity risk | The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability. |
| Salary risk | The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. |

The principal assumptions used for the purposes of the actuarial valuations were as follows:

| Particulars | Valuation as at | |
|-------------------------------------|--------------------------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Discount rate(s) | 6.40% - 6.55% | 7.05% - 7.15% |
| Expected rate(s) of salary increase | 10% | 10% |
| Mortality Rate | As per IALM (2012-14) ultimate | |
| Retirement age (years) | 58 years | 58 years |

Amounts recognised in respect of these defined benefit plans are as follows:

| Particulars | ₹ in Million | |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Service cost: | | |
| Current service cost | 41.72 | 39.53 |
| Net interest expense | 12.44 | 9.30 |
| Components of defined benefit costs recognised in statement of profit and loss | 54.16 | 48.83 |
| Remeasurement on the net defined benefit liability: | | |
| Remeasurement return on plan assets [excluding amounts included in net interest expense] (excess) / Short return | (8.99) | 2.71 |
| Actuarial (gains) / losses arising from changes in demographic assumptions | 8.64 | - |
| Actuarial (gains) / losses arising from changes in financial assumptions | 15.68 | 8.30 |
| Actuarial (gains) / losses arising from experience adjustments | 30.44 | 0.65 |
| Components of defined benefit costs recognised in other comprehensive income | 45.77 | 11.66 |
| Total | 99.93 | 60.49 |

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the consolidated statement of profit and loss. The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the consolidated balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

| Particulars | ₹ in Million | |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Present value of funded defined benefit obligation | 436.28 | 344.83 |
| Fair value of plan assets | (141.55) | (142.16) |
| Funded status | 294.73 | 202.67 |
| Disclosed in liabilities directly attributable to the assets held for sale | - | - |
| Net liability arising from defined benefit obligation | 294.73 | 202.67 |

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Movements in the present value of the defined benefit obligation are as follows:

| Particulars | ₹ in Million | |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Opening defined benefit obligation | 344.83 | 302.72 |
| Add/(less) on account of acquisitions / business transfers | - | 0.90 |
| Expenses recognised in statement of profit and loss | | |
| Current service cost | 41.72 | 39.53 |
| Interest cost | 22.47 | 19.59 |
| Remeasurement (gains)/losses: | | |
| Actuarial gains and losses arising from changes in demographic assumptions | 8.64 | - |
| Actuarial gains and losses arising from changes in financial assumptions | 15.68 | 8.30 |
| Actuarial gains and losses arising from experience adjustments | 30.44 | 0.65 |
| Benefits paid | (27.50) | (26.86) |
| Closing defined benefit obligation | 436.28 | 344.83 |

Movements in the fair value of the plan assets are as follows:

| Particulars | ₹ in Million | |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Opening fair value of plan assets | 142.16 | 153.74 |
| Add/(less) on account of acquisitions / business transfers | - | (13.63) |
| Pursuant to scheme of demerger | - | - |
| Remeasurement gain / (loss): | | |
| Remeasurement return on plan assets (excluding amounts included in net interest expense) | 4.92 | 10.29 |
| Contributions from the employer | 10.20 | 18.70 |
| Actuarial gain / (loss) on plan assets | 8.99 | (2.71) |
| Benefits paid | (24.72) | (24.23) |
| Closing fair value of plan assets | 141.55 | 142.16 |

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate increases / (decrease) by 1%, the defined benefit obligation would be ₹ 416.96 Million (₹ 468.88 Million) as at March 31, 2020.

If the expected salary growth increases / (decrease) by 1%, the defined benefit obligation would be ₹ 463.01 Million (₹ 421.02 Million) as at March 31, 2020.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

There has been no change in the process used by the Group to manage its risks from prior periods.

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Expected future Cash outflows towards the plan are as follows:

| Financial Year | ₹ in Million | |
|--------------------|--------------|--|
| | Amount | |
| 2020-21 | 54.35 | |
| 2021-22 | 53.78 | |
| 2022-23 | 52.88 | |
| 2023-24 | 48.34 | |
| 2024-25 | 47.13 | |
| 2025-26 to 2029-30 | 203.56 | |

Note No.47 Lease arrangements

A. The Group as lessee:

Leasing arrangement

The Group's significant leasing arrangements are mainly in respect of factory land and buildings, residential and office premises. The aggregate lease rentals payable on these leasing arrangements charged to the Statement of Profit and Loss during the previous year is ₹ 232.07 Million (including charge on lease rentals related to discontinued operations). For the current year, leases have been accounted as per Ind AS 116 (refer note 5).

Non-cancellable operating lease commitments

| Particulars | ₹ in Million | |
|--|----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Not later than 1 year | - | 186.99 |
| Later than 1 year and not later than 5 years | - | 638.01 |
| Later than 5 years | - | 726.33 |
| Total | - | 1,551.33 |

*As on March 31, 2020, these leases have been accounted as per Ind AS 116 (refer note 5 & note 51.7)

Obligations under finance leases

Leasing arrangement

The Group has certain finance lease arrangements for certain equipment, which provide the Group an option to purchase the assets at the end of the lease period. Details relating to these assets and minimum lease rentals payable are as follows:

Finance lease liabilities

| Particulars | ₹ in Million | |
|--|-----------------|----------------|
| | March 31, 2020* | March 31, 2019 |
| Future minimum lease payments: | | |
| Not later than 1 year | - | 24.23 |
| Later than 1 year but not later than 5 years | - | 0.47 |
| Later than 5 years | - | - |
| Total | - | 24.70 |
| Less: Unmatured finance charges | - | (1.37) |
| Present value of minimum lease payments payable | - | 23.33 |
| Up to 1 year | - | 22.86 |
| From 1 year to 5 years | - | 0.47 |
| Above 5 years | - | - |

*As on March 31, 2020, these leases have been accounted as per Ind AS 116 (refer note 5 & note 51.7)

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B. The Group as lessor:

Leasing arrangement

The Group has entered into operating lease arrangement for lease of factory land & building for a term ranging from 4 to 18 years with non-cancellable lease period of 4 to 8 years. Details relating to these assets and minimum lease rentals receivable are as follows:

| Particulars | ₹ in Million | |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Gross carrying amount of assets leased | 960.23 | 960.23 |
| Accumulated depreciation | 236.67 | 191.43 |
| Future minimum lease income: | | |
| Not later than 1 year | 82.73 | 78.19 |
| Later than 1 year but not later than 5 years | 44.02 | 126.76 |
| Later than 5 years | - | - |
| Total | 126.76 | 204.95 |

Note No.48 Earnings per share

| Particulars | ₹ in Million | |
|---|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
| Basic earnings per share: | | |
| From continuing operations | 5.68 | 10.71 |
| From discontinued operations | (1.62) | 25.54 |
| Total basic earnings per share | 4.06 | 36.25 |
| Diluted earnings per share: | | |
| From continuing operations | 5.68 | 10.71 |
| From discontinued operations | (1.62) | 25.53 |
| Total diluted earnings per share | 4.06 | 36.24 |

Earnings used in computing basic and diluted earnings per share

| Particulars | ₹ in Million | |
|--|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
| Profit/(loss) attributable to the equity holders of the Company | | |
| From continuing operations | 508.87 | 959.49 |
| From discontinued operations | (144.96) | 2,286.69 |
| Total operations | 363.91 | 3,246.18 |

Weighted average number of shares used as the denominator

| Particulars | ₹ in Million | |
|---|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
| Weighted average number of equity shares used as denominator in calculating basic earnings per share | 89,553,029 | 89,548,390 |
| Adjustments for calculation of diluted earnings per share: | | |
| - employee stock options | 29,126 | 26,393 |
| Weighted average number of equity shares used as denominator in calculating diluted earnings per share | 89,582,155 | 89,574,783 |

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2020

Note No.49 Related party transactions: List of the related parties

| Relationship | Name |
|--|--|
| Joint Ventures (JV): | MyPak Solutions Australia Pty Limited, Australia (50%) (up to July 10, 2019) Oraderm Pharmaceuticals Pty Limited, Australia (50%) (up to July 10, 2019) Sihuan Strides (HK) Ltd, Hongkong (with effect from Oct 22, 2019) |
| Associates: | Aponia Laboratories Inc., USA Generic Partners (R&D) Pte Limited, Singapore (up to July 10, 2019) Regional Bio Equivalence Centre S.C., Ethiopia Eris Pharma GmbH, Germany (with effect from Sept 9, 2019) Fairmed Healthcare AG, Switzerland (with effect from Sept 9, 2019) Fairmed Healthcare GmbH, Germany (with effect from Sept 9, 2019) Juno OTC Inc. Canada (with effect from May 31, 2019) Vivimed Life Sciences Private Limited (Upto March 29, 2019) Stelis Biopharma Private Limited, India Stelis Pte. Ltd, Singapore Stelis Biopharma LLC, USA Strides Consumer Private Limited, India (with effect from December 19, 2018) Strides Global Consumer Healthcare Limited, UK (with effect from December 19,2018) Strides Consumer LLC, USA (with effect from December 19, 2018) |
| Key Management Personnel (KMP): | Mr. Deepak Vaidya, Chairman and Non-Executive Director Mr. Arun Kumar, Managing Director & Group CEO (upto January 8, 2020), Executive Director (with effect from January 9, 2020) Dr. R Ananthanarayanan, Managing Director & CEO (with effect from January 9 ,2020) Mr. Badree Komandur, Executive Director- Finance & Group CFO Ms. Manjula Ramamurthy, Company Secretary Mr. Shashank Sinha, Managing Director (upto May 18, 2018) Mr. S.Sridhar, Independent Director Mrs. Sangita Reddy, Independent Director (upto July 30, 2019) Mr. Bharat D Shah, Independent Director Mr. Homi Rustam Khusrokhhan, Independent Director Dr. Kausalya Santhanam, Independent Director (with effect from December 11, 2019) |
| Enterprises owned or significantly influenced by KMP and relative of KMP: | Atma Projects, India Agnus Capital Llp, India Alivira Animal Health Limited, India Aurore Life Sciences Private Limited, India Aurore Pharmaceuticals Private Limited, India Chayadeep Properties Private Limited, India Tenshi Kaizen Private Limited, India Tenshi Life Sciences Private Limited, India Tenshi Life Care Private Limited, India Tenshi Kaizen USA Inc SeQuent Scientific Limited, India SeQuent Research Limited, India Sterling Pharma Solutions Limited, UK (up to February 27, 2019) Sovizen Life Sciences Private Limited, India Naari Pharma Private Limited, India Naari Pharma Pte Ltd, Singapore Solara Active Pharma Sciences Limited, India Strides Chemicals Private Limited, India (from September 1, 2018) Shasun USA Inc., USA Devendra Estates LLP, India Whitecrow Research Private Lintied, India |

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2020

Related party closing balances

| | ₹ in Million | | | | | |
|---|-------------------------------|----------------------|------------------------------------|----------------------|--|----------------------|
| | Joint ventures and Associates | | Directors / KMP / Relatives of KMP | | Enterprises owned or significantly influenced by Directors or KMP or their relatives | |
| | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| Other Financial Assets (Liabilities) and Other Assets (Liabilities): | | | | | | |
| 1 Generic Partners (R&D) Pte Limited | - | 78.36 | - | - | - | - |
| 2 Naari Pharma Private Limited | - | - | - | - | 3.57 | - |
| 3 Oraderm Pharmaceuticals Pty Limited | - | 25.80 | - | - | - | - |
| 4 Shasun USA Inc | - | - | - | - | 48.84 | 25.40 |
| 5 Sihuan Strides (HK) Limited | (184.59) | - | - | - | - | - |
| 6 Solara Active Pharma Sciences Limited | - | - | - | - | 40.12 | 596.64 |
| 7 Stelis Biopharma Private Limited | 27.48 | 13.83 | - | - | - | - |
| 8 Strides Consumer Private Limited | 2.76 | 4.10 | - | - | - | - |
| 9 Strides Chemicals Private Limited | - | - | - | - | - | 83.82 |
| 10 Strides Consumer LLC | 14.77 | 27.32 | - | - | - | - |
| 11 Strides Global Consumer Healthcare Limited | (69.63) | 1.84 | - | - | - | - |
| 12 Tenshi Life Sciences Private Limited | - | - | - | - | 3.25 | 3.25 |
| 13 Tenshi Life Care Private Limited | - | - | - | - | 5.86 | 5.86 |
| 14 Tenshi Kaizen USA Inc | - | - | - | - | 6.31 | 5.80 |
| 15 Mr. Arun Kumar | - | - | (10.00) | (10.00) | - | - |
| 16 Dr. R Ananthanarayanan | - | - | (8.50) | - | - | - |
| 17 Mr. Deepak Vaidya | - | - | (1.00) | (1.00) | - | - |
| 18 Mr. S.Sridhar | - | - | (1.00) | (1.00) | - | - |
| 19 Mr. Homi Rustam Khusrokhhan | - | - | (1.00) | (1.00) | - | - |
| 20 Mrs. Sangita Reddy | - | - | - | (1.00) | - | - |
| 21 Mr. Bharat D Shah | - | - | (1.00) | (1.00) | - | - |
| 22 Mr. Badree Komandur | - | - | (6.25) | (3.25) | - | - |
| 23 Dr. Kausalya Santhanam | - | - | (0.56) | - | - | - |
| Loans receivable as at: | | | | | | |
| 1 Fairmed Healthcare AG | 121.18 | - | - | - | - | - |
| 2 Generic Partners (R&D) Pte Limited | - | 474.18 | - | - | - | - |
| 3 Juno OTC Inc. | 88.33 | - | - | - | - | - |
| 4 Strides Consumer Private Limited | 30.00 | 30.00 | - | - | - | - |
| 5 Stelis Biopharma Private Limited | - | 250.00 | - | - | - | - |
| 6 MyPak Solutions Australia Pty Ltd, Australia | - | 265.12 | - | - | - | - |
| Balance of deposits paid: | | | | | | |
| 1 Atma Projects | - | - | - | - | 69.96 | 50.13 |
| 2 Chayadeep Properties Private Limited | - | - | - | - | 33.23 | 17.67 |
| Balance of deposits received: | | | | | | |
| 1 Solara Active Pharma Sciences Limited | - | - | - | - | 7.20 | 7.20 |
| Balance of (trade payables) net of advance paid as at: | | | | | | |
| 1 Atma Projects | - | - | - | - | (8.93) | (5.64) |
| 2 Aurore Life Sciences Private Limited | - | - | - | - | 15.68 | - |
| 3 Aurore Pharmaceuticals Private Limited | - | - | - | - | (0.07) | - |
| 4 Chayadeep Properties Private Limited | - | - | - | - | (7.56) | (3.49) |
| 5 Devendra Estates LLP | - | - | - | - | (0.25) | - |
| 6 Juno OTC Inc. | (1.02) | - | - | - | - | - |

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2020

Related party closing balances (Contd.)

| | | ₹ in Million | | | | | |
|--|--|-------------------------------|----------------------|------------------------------------|----------------------|--|----------------------|
| | | Joint ventures and Associates | | Directors / KMP / Relatives of KMP | | Enterprises owned or significantly influenced by Directors or KMP or their relatives | |
| | | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| 7 | MyPak Solutions Australia Pty Ltd, Australia | - | (34.70) | - | - | - | - |
| 8 | Oraderm Pharmaceuticals Pty Limited | - | (19.46) | - | - | - | - |
| 9 | SeQuent Scientific Limited | - | - | - | - | (1.45) | (0.07) |
| 10 | SeQuent Research Limited | - | - | - | - | (1.12) | (0.03) |
| 11 | Solara Active Pharma Sciences Limited | - | - | - | - | (1,532.39) | (1,555.13) |
| 12 | Stelis Biopharma Private Limited | 0.23 | - | - | - | - | - |
| 13 | Strides Global Consumer Healthcare Limited | 0.76 | - | - | - | - | - |
| 14 | Tenshi Kaizen Private Limited | - | - | - | - | (1.28) | (0.83) |
| 15 | Tenshi Kaizen USA Inc | - | - | - | - | (0.20) | - |
| 16 | White Crow Research Private Limited | - | - | - | - | (2.48) | - |
| Balance of trade receivables (net of advance received) as at: | | | | | | | |
| 1 | Agnus Capital LLP | - | - | - | - | 1.73 | - |
| 2 | Alivira Animal Health Limited | - | - | - | - | 1.18 | - |
| 3 | Aurore Life Sciences Private Limited | - | - | - | - | 0.65 | - |
| 4 | Fairmed Healthcare AG | 105.69 | - | - | - | - | - |
| 5 | Juno OTC Inc. | 17.46 | - | - | - | - | - |
| 6 | MyPak Solutions Australia Pty Ltd, Australia | - | 20.59 | - | - | - | - |
| 7 | Naari Pharma Private Limited | - | - | - | - | 25.97 | 4.01 |
| 8 | Oraderm Pharmaceuticals Pty Limited | - | 1.54 | - | - | - | - |
| 9 | SeQuent Scientific Limited | - | - | - | - | - | 8.57 |
| 10 | Shasun USA Inc | - | - | - | - | 0.23 | - |
| 11 | Sihuan Strides (HK) Limited | 90.41 | - | - | - | - | - |
| 12 | Solara Active Pharma Sciences Limited | - | - | - | - | 9.72 | 54.84 |
| 13 | Sovizen Life Sciences Private Limited | - | - | - | - | 3.24 | - |
| 14 | Stelis Biopharma Private Limited | 152.34 | 97.52 | - | - | - | - |
| 15 | Strides Chemicals Private Limited | - | - | - | - | - | 0.63 |
| 16 | Strides Consumer Private Limited | 6.80 | 9.28 | - | - | - | - |
| 17 | Strides Global Consumer Healthcare Limited | 1.49 | 0.69 | - | - | - | - |
| 18 | Strides Consumer LLC | 29.32 | 0.69 | - | - | - | - |
| 19 | Tenshi Kaizen Private Limited | - | - | - | - | 13.50 | 6.00 |
| 20 | Tenshi Kaizen USA Inc | - | - | - | - | 3.00 | - |
| 21 | Tenshi Life Sciences Private Limited | - | - | - | - | 11.65 | 5.45 |
| 22 | Tenshi Life Care Private Limited | - | - | - | - | 0.75 | 0.43 |

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2020

Related party transactions

| | | ₹ in Million | | | | | |
|---|--|-------------------------------|---------------------------|------------------------------------|---------------------------|--|---------------------------|
| | | Joint ventures and Associates | | Directors / KMP / Relatives of KMP | | Enterprises owned or significantly influenced by Directors or KMP or their relatives | |
| | | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| Nature of Transactions | | | | | | | |
| Sales of materials/services (net of returns) | | | | | | | |
| 1 | Fairmed Healthcare AG | 102.79 | - | - | - | - | - |
| 2 | Juno OTC Inc. | 17.46 | - | - | - | - | - |
| 3 | MyPak Solutions Australia Pty Limited | (0.14) | 28.37 | - | - | - | - |
| 4 | Oraderm Pharmaceuticals Pty Limited | - | 51.71 | - | - | - | - |
| 5 | Sihuan Strides (HK) limited | 85.27 | - | - | - | - | - |
| 6 | Solara Active Pharma Sciences Limited | - | - | - | - | 24.23 | 11.48 |
| 7 | Strides Consumer LLC | 26.47 | - | - | - | - | - |
| 8 | Strides Consumer Private Limited | 7.11 | - | - | - | - | - |
| 9 | Tenshi Kaizen Private Limited | - | - | - | - | 0.14 | 0.04 |
| 10 | Tenshi Kaizen USA Inc | - | - | - | - | 0.78 | - |
| 11 | Vivimed Life Sciences Private Limited | - | 32.74 | - | - | - | - |
| Sale of Property, plant and equipment | | | | | | | |
| 1 | Naari Pharma Private Limited | - | - | - | - | 0.01 | - |
| 2 | Solara Active Pharma Sciences Limited | - | - | - | - | - | 0.02 |
| 3 | Vivimed Life Sciences Private Limited | - | 0.10 | - | - | - | - |
| Purchase of Property, plant and equipment | | | | | | | |
| 1 | Naari Pte Ltd. | - | - | - | - | 0.67 | - |
| Guarantee Commission received | | | | | | | |
| 1 | Stelis Biopharma Private Limited | 39.77 | 38.43 | - | - | - | - |
| 2 | Vivimed Life Sciences Private Limited | - | 2.75 | - | - | - | - |
| Rental income | | | | | | | |
| 1 | Solara Active Pharma Sciences Limited | - | - | - | - | 14.46 | 14.46 |
| 2 | Strides Consumer Private Limited | 0.76 | 0.20 | - | - | - | - |
| Interest income | | | | | | | |
| 1 | Generic Partners (R&D) Pte Limited | 12.28 | 44.94 | - | - | - | - |
| 2 | Fairmed Healthcare AG | 0.25 | - | - | - | - | - |
| 3 | Juno OTC Inc. | 0.22 | - | - | - | - | - |
| 4 | Stelis Biopharma Private Limited | 7.26 | 15.14 | - | - | - | - |
| 5 | Strides Consumer Private Limited | 3.01 | 0.84 | - | - | - | - |
| 6 | Tenshi Kaizen Private Limited | - | - | - | - | - | 10.40 |
| 7 | Vivimed Life Sciences Private Limited | - | 2.28 | - | - | - | - |
| Support service income | | | | | | | |
| 1 | Agnus Capital LLP | - | - | - | - | 1.60 | - |
| 2 | Aurore Life Sciences Private Limited | - | - | - | - | 0.60 | - |
| 3 | Naari Pharma Private Limited | - | - | - | - | 24.13 | 3.13 |
| 4 | Sequent Scientific Limited | - | - | - | - | - | 1.05 |
| 5 | Shasun USA Inc | - | - | - | - | 21.80 | 25.65 |
| 6 | Solara Active Pharma Sciences Limited | - | - | - | - | 85.15 | 20.93 |
| 7 | Sovizen Life Sciences Private Limited | - | - | - | - | 3.00 | - |
| 8 | Stelis Biopharma Private Limited | 27.14 | 6.20 | - | - | - | - |
| 9 | Strides Chemicals Private Limited | - | - | - | - | - | 0.06 |
| 10 | Strides Consumer LLC | 7.83 | 3.03 | - | - | - | - |
| 11 | Strides Consumer Private Limited | 3.68 | 1.20 | - | - | - | - |
| 12 | Strides Global Consumer Healthcare Limited | 4.30 | 1.87 | - | - | - | - |

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2020

| Nature of Transactions | ₹ in Million | | | | | |
|--|-------------------------------|---------------------------|------------------------------------|---------------------------|--|---------------------------|
| | Joint ventures and Associates | | Directors / KMP / Relatives of KMP | | Enterprises owned or significantly influenced by Directors or KMP or their relatives | |
| | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| 13 Tenshi Kaizen Private Limited | - | - | - | - | 16.66 | - |
| 14 Tenshi Kaizen USA Inc | - | - | - | - | 6.00 | - |
| 15 Tenshi Life Care Private Limited | - | - | - | - | 1.21 | 0.40 |
| 16 Tenshi Life Sciences Private Limited | - | - | - | - | 30.19 | 15.03 |
| 17 Vivimed Life Sciences Private Limited | - | 24.50 | - | - | - | - |
| Purchase of materials/services | | | | | | |
| 1 Aurore Life Sciences Private Limited | - | - | - | - | 0.48 | - |
| 2 Aurore Pharmaceuticals Private Limited | - | - | - | - | 0.05 | - |
| 3 MyPak Solutions Australia Pty Limited | 67.39 | 1.84 | - | - | - | - |
| 4 Oraderm Pharmaceuticals Pty Limited | - | 213.85 | - | - | - | - |
| 5 SeQuent Research Limited | - | - | - | - | 3.11 | 1.82 |
| 6 Solara Active Pharma Sciences Limited | - | - | - | - | 2,962.09 | 3,200.63 |
| 7 Strides Chemicals Private Limited | - | - | - | - | - | 97.24 |
| 8 Strides Global Consumer Healthcare Limited | 9.15 | - | - | - | - | - |
| 9 Tenshi Kaizen Private Limited | - | - | - | - | 0.38 | 0.93 |
| 10 Vivimed Life Sciences Private Limited | - | 2.43 | - | - | - | - |
| 11 White Crow Research Private Limited | - | - | - | - | 5.42 | - |
| Purchase of Intangibles | | | | | | |
| 1 Generic Partners (R&D) Pte Limited | - | 519.99 | - | - | - | - |
| Short Term Employee Benefits paid to (Refer note (i) below) | | | | | | |
| 1 Mr. Arun Kumar | - | - | 72.08 | 50.00 | - | - |
| 2 Dr. R Ananthanarayanan | - | - | 32.97 | - | - | - |
| 3 Mr. Badree Komandur | - | - | 37.20 | 32.11 | - | - |
| 4 Ms. Manjula Ramamurthy | - | - | 3.99 | 3.38 | - | - |
| 5 Mr. Shashank Sinha | - | - | - | 10.06 | - | - |
| Employee stock option expenses | | | | | | |
| 1 Mr. Badree Komandur | - | - | 1.65 | 3.07 | - | - |
| 2 Ms. Manjula Ramamurthy | - | - | 0.33 | 0.30 | - | - |
| Sitting Fees paid to | | | | | | |
| 1 Dr. Kausalya Santhanam | - | - | 0.61 | - | - | - |
| 2 Mr. Deepak Vaidya | - | - | 1.20 | 1.40 | - | - |
| 3 Mr. S.Sridhar | - | - | 1.20 | 1.60 | - | - |
| 4 Mr. Homi Rustam Khusrokhan | - | - | 1.00 | 1.40 | - | - |
| 5 Mrs. Sangita Reddy | - | - | 0.30 | 0.40 | - | - |
| 6 Mr. Bharat D Shah | - | - | 1.84 | 1.60 | - | - |
| Remuneration to Non-executive directors | | | | | | |
| 1 Mr. Deepak Vaidya | - | - | 1.00 | 1.00 | - | - |
| 2 Dr. Kausalya Santhanam | - | - | 0.33 | - | - | - |
| 2 Mr. S.Sridhar | - | - | 1.00 | 1.00 | - | - |
| 3 Mr. Homi Rustam Khusrokhan | - | - | 1.00 | 1.00 | - | - |
| 4 Mrs. Sangita Reddy | - | - | - | 1.00 | - | - |
| 5 Mr. Bharat D Shah | - | - | 1.00 | 1.00 | - | - |
| Lease Payments | | | | | | |
| 1 Atma Projects | - | - | - | - | 68.45 | 60.44 |
| 2 Chayadeep Properties Private Limited | - | - | - | - | 29.00 | 19.39 |

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2020

| Nature of Transactions | ₹ in Million | | | | | |
|--|-------------------------------|---------------------------|------------------------------------|---------------------------|--|---------------------------|
| | Joint ventures and Associates | | Directors / KMP / Relatives of KMP | | Enterprises owned or significantly influenced by Directors or KMP or their relatives | |
| | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| 3 Devendra Estate LLP | - | - | - | - | 3.33 | - |
| Loans / advances given / repaid by the group | | | | | | |
| 1 Aurore Life Sciences Private Limited | - | - | - | - | 15.75 | - |
| 2 Generic Partners (R&D) Pte Limited | - | 24.63 | - | - | - | - |
| 3 Fairmed Healthcare AG | 120.93 | - | - | - | - | - |
| 4 Naari Pharma Private Limited | - | - | - | - | 3.37 | - |
| 5 Stelis Biopharma Private Limited | - | 250.00 | - | - | - | - |
| 6 Strides Consumer Private Limited | - | 5.00 | - | - | - | - |
| 7 Juno OTC Inc. | 89.77 | - | - | - | - | - |
| 8 Tenshi Kaizen Private Limited | - | - | - | - | - | 150.00 |
| 9 Vivimed Life Sciences Private Limited | - | 166.20 | - | - | - | - |
| Loans / advances taken by Company / repaid to the group | | | | | | |
| 1 Stelis Biopharma Private Limited | 250.00 | - | - | - | - | - |
| 2 Tenshi Kaizen Private Limited | - | - | - | - | - | 150.00 |
| Reimbursement of expenses incurred on behalf of | | | | | | |
| 1 Generic Partners (R&D) Pte Limited | - | 167.18 | - | - | - | - |
| 2 MyPak Solutions Australia Pty Limited | - | 27.56 | - | - | - | - |
| 3 Naari Pharma Private Limited | - | - | - | - | 2.94 | 0.28 |
| 4 Oraderm Pharmaceuticals Pty Limited | - | 30.46 | - | - | - | - |
| 5 Solara Active Pharma Sciences Limited | - | - | - | - | 16.35 | 74.24 |
| 6 Stelis Biopharma Private Limited | 15.73 | 35.99 | - | - | - | - |
| 7 Stelis Pte Ltd | 0.71 | - | - | - | - | - |
| 8 Strides Chemicals Private Limited | - | - | - | - | - | 0.53 |
| 9 Strides Consumer Private Limited | 6.24 | 4.02 | - | - | - | - |
| 10 Strides Consumer LLC | 9.98 | - | - | - | - | - |
| 11 Tenshi Life Sciences Private Limited | - | - | - | - | 5.23 | 4.56 |
| 12 Tenshi Kaizen Private Limited | - | - | - | - | 2.94 | 15.84 |
| 13 Tenshi Life Care Private Limited | - | - | - | - | - | 3.41 |
| 14 Tenshi Kaizen USA Inc | - | - | - | - | - | 5.85 |
| 15 Vivimed Life Sciences Private Limited | - | 4.90 | - | - | - | - |
| Reimbursement of expenses incurred by | | | | | | |
| 1 Chayadeep Properties Private Limited | - | - | - | - | 2.81 | 13.38 |
| 2 Juno OTC Inc. | 1.02 | - | - | - | - | - |
| 3 MyPak Solutions Australia Pty Limited | 0.29 | - | - | - | - | - |
| 4 Sequent Scientific Limited | - | - | - | - | 1.38 | - |
| 5 Solara Active Pharma Sciences Limited | - | - | - | - | 148.62 | 119.25 |
| 6 Sterling Pharma Solutions Limited | - | - | - | - | - | 15.24 |
| 7 Strides Consumer Private Limited | 0.01 | - | - | - | - | - |
| 8 Tenshi Life Care Private Limited | - | - | - | - | 0.15 | - |
| Lease deposit received | | | | | | |
| 1 Solara Active Pharma Sciences Limited | - | - | - | - | - | 7.20 |
| Lease deposit Paid | | | | | | |
| 1 Atma projects | - | - | - | - | 19.83 | - |
| 2 Chayadeep Properties Private Limited | - | - | - | - | 15.56 | 10.32 |

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2020

| Nature of Transactions | ₹ in Million | | | | | |
|---|-------------------------------|---------------------------|------------------------------------|---------------------------|--|---------------------------|
| | Joint ventures and Associates | | Directors / KMP / Relatives of KMP | | Enterprises owned or significantly influenced by Directors or KMP or their relatives | |
| | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| Investments during the year | | | | | | |
| 1 Fairmed Healthcare AG | 171.03 | - | - | - | - | - |
| 2 Sihuan Strides (HK) limited | 184.59 | - | - | - | - | - |
| 3 Stelis Biopharma Private Limited | 905.04 | 750.00 | - | - | - | - |
| Sale of Business Division | | | | | | |
| 1 Solara Active Pharma Sciences Limited | - | - | - | - | - | 347.57 |
| Investments sold to | | | | | | |
| 1 Solara Active Pharma Sciences Limited | - | - | - | - | - | 1,310.00 |
| Share Application Money paid | | | | | | |
| 1 Stelis Biopharma Private Limited | 25.00 | - | - | - | - | - |

Notes

- The compensation excludes gratuity & compensated absences which cannot be separately identified from the composite amount advised by the actuary.
- Transactions and balances with its own subsidiaries which are eliminated on consolidation are not included above.

Note No.50 Subsidiary information

50.1 Details of the Group's subsidiaries at the end of the reporting period are as follows:

| Sl. No. | Name of the subsidiary | Principal activity | Place of Incorporation | Proportion of ownership interest and voting power held by the Group | |
|---------|--|---|------------------------|---|----------------|
| | | | | March 31, 2020 | March 31, 2019 |
| 1 | Alliance Pharmacy Pty Limited** | IP Holding | Australia | 0.00% | 50.99% |
| 2 | Altima Innovations Inc. | Trading in pharmaceutical products | USA | 100.00% | 100.00% |
| 3 | Amneal Pharma Australia Pty Ltd** | Trading in pharmaceutical products | Australia | 0.00% | 99.99% |
| 4 | Amneal Pharmaceuticals Pty Ltd** | Trading in pharmaceutical products | Australia | 0.00% | 99.99% |
| 5 | Apollo Life sciences Holding Proprietary Limited | Registration and marketing of pharmaceutical products | South Africa | 51.76% | 51.76% |
| 6 | Arco Lab Private Limited | Outsourcing and business support services | India | 100.00% | 100.00% |
| 7 | Arrow Life Sciences (Malaysia) SDN BHD | Trading in pharmaceutical products | Malaysia | 100.00% | 100.00% |
| 8 | Arrow Pharma Pte Limited | Investment Holding | Singapore | 100.00% | 100.00% |
| 9 | Arrow Pharma (Private) Limited | Trading in pharmaceutical products | Sri Lanka | 100.00% | 100.00% |
| 10 | Arrow Pharma Life Inc. | Trading in pharmaceutical products | Philippines | 100.00% | 100.00% |
| 11 | Arrow Pharma Pty Limited** | IP Holding | Australia | 0.00% | 99.99% |
| 12 | Arrow Pharmaceuticals Pty Limited** | Trading in pharmaceutical products | Australia | 0.00% | 99.99% |
| 13 | Arrow Remedies Private Limited | Trading in pharmaceutical products | India | 100.00% | 100.00% |
| 14 | Beltapharm S.p.A | Manufacturing and trading in pharmaceutical products | Italy | 97.94% | 97.94% |
| 15 | Fagris Medica Private Limited | Trading in pharmaceutical products | India | 100.00% | 100.00% |
| 16 | Generic Partners Holding Co. Pty Limited** | Investment Holding | Australia | 0.00% | 50.99% |

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| Sl. No. | Name of the subsidiary | Principal activity | Place of Incorporation | Proportion of ownership interest and voting power held by the Group | |
|---------|--|--|------------------------|---|----------------|
| | | | | March 31, 2020 | March 31, 2019 |
| 17 | Generic Partners Pty Limited** | Supplying and distributing generic pharmaceutical products | Australia | 0.00% | 50.99% |
| 18 | Generic Partners (International) Pte Limited | Supplying and distributing generic pharmaceutical products | Singapore | 100.00% | 50.99% |
| 19 | Generic Partners (Canada) Inc | Supplying and distributing generic pharmaceutical products | Canada | 100.00% | 50.99% |
| 20 | Generic Partners (M) SDN BHD* | Supplying and distributing generic pharmaceutical products | Malaysia | 0.00% | 50.99% |
| 21 | Generic Partners (NZ) Limited** | Supplying and distributing generic pharmaceutical products | New Zealand | 0.00% | 50.99% |
| 22 | Generic Partners (South Africa) Pty Limited* | Supplying and distributing generic pharmaceutical products | South Africa | 0.00% | 100.00% |
| 23 | Generic Partners UK Limited | Supplying and distributing generic pharmaceutical products | UK | 100.00% | 100.00% |
| 24 | Generic Partners (R&D) Pte Limited*** | Development of pharmaceutical products | Singapore | 100.00% | 19.00% |
| 25 | PharmaPar Inc. | Trading in pharmaceutical products | Canada | 80.00% | 80.00% |
| 26 | Pharmacy Alliance Group Holdings Pty Limited** | Investment Holding | Australia | 0.00% | 50.99% |
| 27 | Pharmacy Alliance Investments Pty Limited** | Investment Holding | Australia | 0.00% | 99.99% |
| 28 | Pharmacy Alliance Pty Limited** | Providing business solutions to the independent pharmacy members | Australia | 0.00% | 50.99% |
| 29 | Shasun Pharma Solutions Inc. | Trading in pharmaceutical products | USA | 100.00% | 100.00% |
| 30 | Smarterpharm Pty Limited** | Providing buying solutions to the pharmacy owners through national pharmacy services | Australia | 0.00% | 50.99% |
| 31 | Stabilis Pharma Inc. | Trading in pharmaceutical products | USA | 100.00% | 100.00% |
| 32 | Stelis Biopharma (Malaysia) SDN. BHD | Develop, manufacture, market and trade in pharmaceutical and ancillary products | Malaysia | 100.00% | 100.00% |
| 33 | Strides Arcolab (Australia) Pty Limited** | Investment Holding | Australia | 0.00% | 99.99% |
| 34 | Strides Arcolab International Limited | Investment Holding | UK | 100.00% | 100.00% |
| 35 | Strides CIS Limited | Trading in pharmaceutical products | Cyprus | 100.00% | 100.00% |
| 36 | Strides Emerging Markets Limited | Manufacturing and trading in pharmaceutical products | India | 100.00% | 100.00% |
| 37 | Strides Foundation Trust | Carrying out Social Responsibility activities | India | - | - |
| 38 | Strides Life Sciences Limited | Trading in pharmaceutical products | Nigeria | 100.00% | 100.00% |
| 39 | Strides Netherlands BV # | Trading in pharmaceutical products | Netherlands | 100.00% | 0.00% |
| 40 | Strides Nordics Aps*** | Trading in pharmaceutical products | Denmark | 100.00% | 0.00% |
| 41 | Strides Pharma (Cyprus) Limited | Trading in pharmaceutical products | Cyprus | 100.00% | 100.00% |
| 42 | Strides Pharma (SA) Pty Limited | Trading in pharmaceutical products | South Africa | 60.00% | 60.00% |
| 43 | Strides Pharma Global (UK) Limited | Investment Holding | UK | 100.00% | 100.00% |
| 44 | Strides Pharma Asia Pte. Limited | Investment Holding | Singapore | 100.00% | 100.00% |
| 45 | Strides Pharma Science Pty Ltd *** | Trading in pharmaceutical products | Australia | 100.00% | 0.00% |
| 46 | Strides Pharma Canada Inc. | Trading in pharmaceutical products | Canada | 100.00% | 100.00% |
| 47 | Strides Pharma Global Pte Limited | Develop, manufacture, market and trade in pharmaceutical and ancillary products | Singapore | 100.00% | 100.00% |
| 48 | Strides Pharma Inc. | Trading in pharmaceutical products | USA | 100.00% | 100.00% |

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| Sl. No. | Name of the subsidiary | Principal activity | Place of Incorporation | Proportion of ownership interest and voting power held by the Group | |
|---------|--|--|------------------------|---|----------------|
| | | | | March 31, 2020 | March 31, 2019 |
| 49 | Strides Pharma International Limited | Investment Holding | Cyprus | 100.00% | 100.00% |
| 50 | Strides Pharma UK Limited | Trading in pharmaceutical products | UK | 100.00% | 100.00% |
| 51 | Strides Pharma Therapeutics Singapore Pte Limited* | Development of pharmaceutical products | Singapore | 0.00% | 100.00% |
| 52 | Strides Shasun Latina, SA de CV | Trading in pharmaceutical products | Mexico | 80.00% | 80.00% |
| 53 | Strides Vivimed Pte Limited | Trading in pharmaceutical products | Singapore | 100.00% | 100.00% |
| 54 | SVADS Holdings SA | Develop and trade in pharmaceutical products | Switzerland | 100.00% | 100.00% |
| 55 | Trinity Pharma Proprietary Limited | Registration and marketing of pharmaceutical products | South Africa | 51.76% | 51.76% |
| 56 | Universal Corporation Limited | Manufacturing, development and trading in pharmaceuticals products | Kenya | 51.00% | 51.00% |
| 57 | Vensun Pharmaceuticals Inc. | Develop and trade in pharmaceutical products | USA | 100.00% | 100.00% |
| 58 | Vivimed Life Sciences Private Limited | Manufacturing, development and trading in pharmaceuticals products | India | 100.00% | 100.00% |

Notes

* Deregistered/ wound up/ Liquidated during the year

** Pursuant to disposal of subsidiaries / loss of control. Refer note 40.

*** Pursuant to business acquisition (including acquisition of non-controlling interest). Refer note 39.

Incorporated during the year

50.2 Change in the Group's ownership interest in a subsidiary:

(i) During the year, following entities have been incorporated within the Group:

- a) Strides Netherlands BV, Netherlands

(ii) During the year, following entities have been wound-up:

- a) Strides Pharma Therapeutics Singapore Pte Limited, Singapore
- b) Generic Partners (M) SDN BHD, Malaysia
- c) Generic Partners (South Africa) Pty Limited, South Africa

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Note No.51 Financial instruments

51.1 Categories of financial instruments

| Particulars | ₹ in Million | |
|---|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Financial assets: | | |
| Measured at fair value through profit or loss (FVTPL) | | |
| (a) Mandatorily measured: | | |
| (i) Investment in Mutual funds | 1,189.68 | 2,847.49 |
| Measured at amortised cost | | |
| (a) Cash and bank balances | 2,370.97 | 5,166.50 |
| (b) Loans | 538.00 | 1,224.18 |
| (c) Trade receivables | 9,316.94 | 9,871.82 |
| (d) Other financial assets at amortised cost | 4,239.35 | 639.94 |
| Measured at FVTOCI | | |
| (a) Fair value of derivatives designated in a cash flow hedge | 6.28 | 190.20 |
| (b) Investments in certain equity instruments designated upon initial recognition | 10.38 | 111.85 |
| Financial liabilities: | | |
| Measured at fair value through profit or loss (FVTPL) | | |
| (a) Gross obligation under written put option | 82.37 | 3,915.77 |
| (b) Derivative financial liabilities | - | - |
| (c) Other financial liabilities | 535.72 | 612.21 |
| Measured at amortised cost | | |
| (a) Borrowings (including current maturities of long-term borrowings) | 19,617.39 | 32,191.37 |
| (b) Security deposit | 36.90 | 45.48 |
| (c) Trade payables | 7,977.48 | 8,889.88 |
| (d) Unclaimed dividends | 58.54 | 56.28 |
| (e) Payables on purchase of property, plant and equipments and intangible assets | 273.09 | 19.91 |
| (f) Payables on purchase of non-current investments | 202.67 | 16.60 |
| (g) Lease liabilities | 2,729.25 | 23.33 |
| (h) Other financial liabilities | 127.83 | 363.29 |
| Measured at FVTOCI | | |
| (a) Derivative financial liabilities | 717.72 | 342.89 |

51.1.1 Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

51.1.2 Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and input(s) used).

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₹ in Million

| Financial assets / financial liabilities | Fair value as at | | Fair value hierarchy | Valuation technique(s) and key input(s) |
|--|------------------|----------------|----------------------|---|
| | March 31, 2020 | March 31, 2019 | | |
| Financial assets: | | | | |
| Foreign currency forward contracts designated in hedge accounting relationships (FVTOCI) | 6.28 | 190.20 | Level 2 | The fair value of forward foreign contracts are determined using spot and forward exchange rates at the balance sheet date. |
| Equity investments (unquoted, FVTOCI) | 0.55 | 0.55 | Level 3 | The fair value of the equity instruments are determined using comparable quotes available. |
| Investment in Mutual fund (quoted) | 1,189.68 | 2,847.49 | Level 1 | The fair value is determined based on the Net asset value published by respective funds. |
| Investment in equity instruments at FVTOCI (quoted) - Investment in Outlook Therapeutics Inc., USA (formerly Oncobiologics Inc., USA) (refer note a) | 9.83 | 111.30 | Level 1 | The fair value of the said investment is derived based on the quoted prices on stock exchanges. |
| Financial liabilities: | | | | |
| Gross obligation under put options | 82.37 | 3,915.77 | Level 3 | The said obligation under put options are valued using Black Scholes / Monte carlo simulation model. Significant unobservable inputs used for the said valuation are volatility and risk free interest rate (Discount rate). Refer note (b) below |
| Contingent consideration payable | 535.72 | 612.21 | Level 3 | The fair value has been derived based on the estimated payout based on the projected profits of the subsidiary and discounted for the present value using the risk free interest rate / weighted average cost of capital. |
| Foreign currency forward contracts designated in hedge accounting relationships (FVTOCI) | 332.83 | 0.15 | Level 2 | The fair value of forward foreign contracts are determined using forward exchange rates at the balance sheet date. |
| Interest rate swaps designated in hedge accounting relationships (FVTOCI) | 384.89 | 342.74 | Level 2 | Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties. |

Notes:

- a) These investments in equity instruments are not held for trading. Instead, they are held for medium or long-term strategic purpose. Upon the application of Ind AS 109, the Group has chosen to designate these investments in equity instruments as at FVTOCI as the directors believe that this provides a more meaningful presentation for a medium or long-term strategic investments, than reflecting changes in fair value immediately in Statement of profit and loss.
- b) There is a wide range of possible fair value measurements for the valuation of exercise price of written-put options included in Level 3 of fair value hierarchy and the amount considered above represents the estimate of the fair value within that range.

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Reconciliation of Level 3 fair value measurements

a) Gross obligation under put options

₹ in Million

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|-----------------|
| Opening balance | 3,915.77 | 3,787.67 |
| Add: Payable on new acquisitions during the year | - | 85.37 |
| Less: Disposal / settlements | (2,724.33) | - |
| Add: Losses in the statement of profit and loss | (1,083.53) | 27.77 |
| Add: Currency translations in other comprehensive income | (25.54) | 14.96 |
| Closing balance | 82.37 | 3,915.77 |

b) Contingent consideration payable

₹ in Million

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Opening balance | 612.21 | 94.18 |
| Add: Contingent consideration on new acquisitions during the year | - | 490.21 |
| Disposal / settlements | (167.58) | - |
| Add: Losses in the statement of profit and loss | 53.61 | 42.56 |
| Less: Currency translations in other comprehensive income | 37.48 | (14.74) |
| Closing balance | 535.72 | 612.21 |

The above said gain / loss on fair valuation of options and contingent consideration is recognised in the statement of profit and loss under "Exceptional items".

c) Equity investments (unquoted)

₹ in Million

| Particulars | March 31, 2020 | March 31, 2019 |
|----------------------------|----------------|----------------|
| Opening balance | 0.55 | 0.55 |
| Acquisition/disposal (net) | - | - |
| Closing balance | 0.55 | 0.55 |

51.1.3 Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Except as detailed in the following table, the Group considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements at amortised cost will reasonably approximate their fair values.

₹ in Million

| Particulars | March 31, 2020 | | March 31, 2019 | |
|------------------------------|------------------|------------------|------------------|------------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Financial assets | | | | |
| Loans receivable | 266.64 | 266.64 | 1,045.67 | 1,045.67 |
| Security deposit | 271.36 | 299.84 | 178.51 | 180.61 |
| Financial liabilities | | | | |
| Borrowings | 19,617.39 | 19,683.19 | 32,191.37 | 33,274.54 |

51.2 Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange risk. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and

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supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

51.3 Foreign currency risk management

The Group is exposed to foreign exchange risk due to:

- debt availed in foreign currency
- net investments in subsidiaries and joint ventures that are in foreign currencies
- exposure arising from transactions relating to purchases, revenues, expenses, etc., to be settled (within and outside the group) in currencies other than the functional currency of the respective entities

Exchange rate exposures are managed within approved policy parameters by utilising forward foreign exchange contracts.

51.3.1 Forward exchange contracts

It is the policy of the Group to enter into forward foreign exchange contracts to cover the following:

- repayments of specific foreign currency borrowings.
- the risk associated with anticipated sales transactions out to 6 months within 50% to 70% of the exposure generated.

The following table details the forward foreign currency contracts outstanding at the end of the reporting period:

Contracts designated in a cash flow hedge

| Outstanding contracts | Underlying Exposure | Average exchange rate (₹) | Foreign currency (US\$ in Million) | Nominal amounts (₹ in Million) | Fair value assets (liabilities) (₹ in Million) |
|-----------------------------|---------------------|---------------------------|------------------------------------|--------------------------------|--|
| As at March 31, 2020 | | | | | |
| Sell USD | Forecasted sales | | | | |
| | Less than 3 months | 73.23 | 30.00 | 2,196.80 | 2,110.63 |
| | 3 to 6 months | 74.16 | 30.00 | 2,224.78 | 2,144.55 |
| | 6 to 12 months | 75.15 | 60.00 | 4,509.20 | 4,345.49 |
| Sell EUR | Forecasted sales | | | | |
| | Less than 3 months | 83.82 | 0.30 | 25.15 | 25.36 |
| | 3 to 6 months | | | | |
| | 6 to 12 months | | | | |
| Sell GBP | Forecasted sales | | | | |
| | Less than 3 months | 94.83 | 2.25 | 213.36 | 214.83 |
| | 3 to 6 months | 95.76 | 2.25 | 215.47 | 216.82 |
| | 6 to 12 months | 96.52 | 0.75 | 72.39 | 72.92 |
| Total | | | | 9,457.15 | 9,130.60 |
| As at March 31, 2019 | | | | | |
| Sell USD | Forecasted sales | | | | |
| | Less than 3 months | 71.12 | 24.00 | 1,706.78 | 1,740.22 |
| | 3 to 6 months | 74.78 | 24.00 | 1,794.77 | 1,898.10 |
| | 6 to 12 months | 72.98 | 28.00 | 2,043.40 | 2,096.68 |
| Total | | | 76.00 | 5,544.95 | 5,735.00 |

The line-items in the Consolidated balance sheet that include the above hedging instruments are "Other financial assets".

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The details of unhedged foreign currency exposure are as follows:

| Amount receivable/(payable) | As at March 31, 2020 | | As at March 31, 2019 | |
|-----------------------------|----------------------|------------|----------------------|------------|
| | in foreign Currency | in INR | in foreign Currency | in INR |
| USD | (31.19) | (2,350.04) | (40.39) | (2,794.63) |
| AUD | 95.32 | 4,406.53 | 119.50 | 5,866.92 |
| EUR | 1.00 | 83.30 | 2.03 | 157.53 |
| GBP | (1.40) | (130.99) | 0.36 | 32.28 |
| SGD | (29.97) | (1,588.06) | (2.98) | (151.96) |
| Others | 0.42 | 53.22 | 1.89 | 162.74 |

51.3.2 Foreign currency sensitivity analysis

Financial instruments affected by changes in foreign exchange rates include External Commercial Borrowings (ECBs), loans in foreign currencies to subsidiaries and joint ventures. The Group considers US Dollar and the Euro to be principal currencies which require monitoring and risk mitigation. The Group is exposed to volatility in other currencies including the Great Britain Pounds (GBP) and the Australian Dollar (AUD). The impact on account of 5% appreciation / depreciation in the exchange rate of the above foreign currencies against ₹ is given below:

| Particulars | Increase / (decrease) in profit | | Increase / (decrease) in equity | |
|-------------------------|---------------------------------|----------------|---------------------------------|----------------|
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| Appreciation in the USD | (117.50) | (139.73) | (87.73) | (95.74) |
| Depreciation in the USD | 117.50 | 139.73 | 87.73 | 95.74 |
| Appreciation in the EUR | 4.17 | 7.88 | 2.37 | 5.54 |
| Depreciation in the EUR | (4.17) | (7.88) | (2.37) | (5.54) |
| Appreciation in the AUD | 220.33 | 293.35 | 178.7 | 239.28 |
| Depreciation in the AUD | (220.33) | (293.35) | (178.7) | (239.28) |
| Appreciation in the GBP | (6.55) | 1.61 | (7.68) | - |
| Depreciation in the GBP | 6.55 | (1.61) | 7.68 | - |

The impact on profit has been arrived at by applying the effects of appreciation / depreciation effects of currency on the net position (Assets in foreign currency - Liabilities in foreign currency) in the respective currencies.

For the purposes of the above table, it is assumed that the carrying value of the financial assets and liabilities as at the end of the respective financial years remains constant thereafter. The exchange rate considered for the sensitivity analysis is the exchange rate prevalent as at each year end.

The sensitivity analysis might not be representative of inherent foreign exchange risk due to the fact that the foreign exposure at the end of the reporting period might not reflect the exposure during the year.

51.4 Interest rate risk management

Interest rate risk arises from borrowings. Debt issued at variable rates exposes the Group to cash flow risk. Debt issued at fixed rate exposes the Group to fair value risk. The Group mitigates its interest rate risk by entering into interest rate swap contracts.

51.4.1 Interest rate sensitivity analysis

Financial instruments affected by interest rate changes include secured long term loans from banks, secured long term loans from others, unsecured long term loans, secured short term loans from banks and unsecured short term loans from banks and others. The substantial portion of the borrowing of the Group have a floating rate of interest (refer note 22). The impact of a 1% change in interest rates on the profit of an annual period will be ₹ 196.83 Million (Previous year : ₹ 332.75 Million) assuming the loans at each year end remain constant during the respective years. This computation does not involve a revaluation of the fair value of loans as a consequence of changes in interest rates. The computation also assumes that an increase in interest rates on floating rate liabilities will not necessarily involve an increase in interest rates on floating rate financial assets

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51.4.2 Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the reporting period.

The following tables detail the nominal amounts and remaining terms of interest rate swap contracts outstanding at the reporting period end.

(a) Contracts designated in a cash flow hedge

Borrowing in US\$ floating rate swapped for repayment in US\$ fixed rate at March 31, 2020:

| Outstanding contracts | Average contracted fixed interest rate | Nominal amounts | ₹ in Million | |
|-----------------------|--|-----------------|-------------------|---------------|
| | | | Fair value assets | (liabilities) |
| Less than 1 year | 6.17% | 715.76 | 668.99 | |
| 1 to 2 years | | 1,054.80 | 985.39 | |
| 2 to 5 years | | 2,502.14 | 2,301.59 | |
| 5 years + | | 753.43 | 685.27 | |
| Total | | 5,026.13 | 4,641.24 | |

Borrowing in US\$ floating rate swapped for repayment in US\$ fixed rate at March 31, 2019:

| Outstanding contracts | Average contracted fixed interest rate | Nominal amounts | ₹ in Million | |
|-----------------------|--|------------------|-------------------|---------------|
| | | | Fair value assets | (liabilities) |
| Less than 1 year | 6.29% | 249.98 | 244.33 | |
| 1 to 2 years | | 1,387.31 | 1,343.60 | |
| 2 to 5 years | | 5,269.97 | 5,098.06 | |
| 5 years + | | 3,405.40 | 3,283.94 | |
| Total | | 10,312.66 | 9,969.93 | |

The line-item in the consolidated balance sheet that includes the above instruments is "Other financial liabilities".

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is the local interbank rate in the currency of the loan. The Group will settle the difference between the fixed and floating interest rate on a net basis.

51.5 Other price risks

The Group is exposed to equity price risks arising from equity investments. Certain of the Group's equity investments are held for strategic rather than for trading purposes.

51.5.1 Equity price sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, other comprehensive income for the year ended March 31, 2020 would increase/decrease by ₹ 0.49 Million (for the year ended March 31, 2019: increase/decrease by ₹ 5.56 Million) as a result of the changes in fair value of equity investments measured at FVTOCI.

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51.6 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit Risk to the group primarily arises from trade receivables. Credit risk also arises from cash and cash equivalents, loans, financial instruments and deposits with banks and financial institutions and other financial assets.

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group has an internal mechanism of determining the credit rating of the customers and setting credit limits. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group is not significantly exposed to geographical distribution risk as the counterparties operate across various countries across the Globe.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings.

51.7 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-term, medium-term and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual short term and long term cash flows, and by matching the maturity profiles of financial assets and liabilities. A portion of the Group's surplus cash is retained as investments in Liquid Mutual Funds to fund short term requirements. Also refer to Note 2.1 on net current liability position as of 31 March 2020 and management's plan to mitigate such risk

51.7.1 Liquidity analysis for non-derivative liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

| Financial Liabilities | Due within (years) | | | | | | Total | Carrying Amount |
|--|--------------------|----------|----------|----------|----------|----------|------------------|------------------|
| | 1 | 1 to 2 | 2 to 3 | 3 to 4 | 4 to 5 | beyond 5 | | |
| Bank and other borrowings | | | | | | | | |
| - As on March 31, 2020 | 13,578.26 | 1,769.99 | 1,579.07 | 1,167.60 | 834.84 | 753.43 | 19,683.19 | 19,617.39 |
| - As on March 31, 2019 | 14,126.26 | 2,753.82 | 3,333.19 | 3,364.10 | 3,382.69 | 6,314.48 | 33,274.54 | 32,191.37 |
| Interest payable on borrowings | | | | | | | | |
| - As on March 31, 2020 | 103.67 | | | | | | 103.67 | 103.67 |
| - As on March 31, 2019 | 198.21 | | | | | | 198.21 | 198.21 |
| Trade and other payable not in net debt | | | | | | | | |
| - As on March 31, 2020 | 9,092.10 | 493.39 | 490.99 | 423.67 | 378.56 | 2,756.01 | 13,634.72 | 11,837.81 |
| - As on March 31, 2019 | 9,334.62 | 200.48 | 112.08 | 121.21 | 127.02 | 154.11 | 10,049.52 | 9,828.77 |

51.8 Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of net debt (borrowings as detailed in notes 9,11,17, 18 and 22 offset by cash and bank balances and Investment in Mutual funds) and total equity of the Group.

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The Group reviews the capital structure of the Group on a quarterly basis to ensure that it in compliance with the required covenants. The Group has a target gearing ratio of 1:1 determined as the proportion of net debt to total equity. The gearing ratio at March 31, 2020 is 0.62 (March 31, 2019: 0.86).

The Group is not subject to any externally imposed capital requirements.

51.8.1 Gearing ratio

The gearing ratio at end of the reporting period was as follows.

| Particulars | ₹ in Million | |
|---|------------------|------------------|
| | March 31, 2020 | March 31, 2019 |
| Debt (i) | 19,617.39 | 32,191.37 |
| Less: | | |
| Investment in Mutual funds | 1,189.68 | 2,847.49 |
| Cash and bank balances | 2,370.97 | 5,166.50 |
| Fixed deposits with banks with more than 12 months maturity | 6.66 | 23.44 |
| Net Debt (A) | 16,050.08 | 24,153.94 |
| Total Equity (B) | 25,946.55 | 28,016.58 |
| Net debt to equity ratio (A/B) | 0.62 | 0.86 |

(i) Debt is defined as long-term borrowings, current maturities of long-term borrowings and short-term borrowings and does not include obligations relating to derivatives over non-controlling interests.

Note No.52 Transfer Pricing

“The detailed transfer pricing regulations (‘regulations’) for computing the income from “domestic transactions” with specified parties and international transactions between ‘associated enterprises’ on an ‘arm’s length’ basis is applicable to the Group. These regulations, inter alia, also require the maintenance of prescribed documents and information including furnishing a report from an Accountant which is to be filed with the Income tax authorities.

The Group has undertaken necessary steps to comply with the transfer pricing regulations. The Management is of the opinion that the transactions with associated enterprises and domestic transactions are at arm’s length, and hence the aforesaid legislation will not have any material impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

Note No.53 Other matters:

- In respect of freehold land to the extent of 4.69 acres (as at March 31, 2020 gross block and net block amounting to ₹ 174.30 Million) capitalised in the books of the Company, the title deeds are under dispute. The Company based on its internal assessment believes that it has title deed in its name and it will be able to defend any counter claims on such parcel of land under dispute.
- The title deeds of freehold land and building admeasuring 21.41 acres (as at March 31, 2020 gross block ₹ 702.60 Million and net block of ₹ 501 Million) capitalised in the books of the Company are in the name of erstwhile Companies which were merged with the Company under Section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honorable High Courts of judicature. The Company is in the process transferring the title deeds of such properties in its name.
- In respect of building admeasuring 750 sq. ft. (as at March 31, 2020 gross block of ₹ 3.55 Million and net block ₹ 1.21 Million) capitalised in the books of the Company, the title deeds are not in the name of the Company. The Company is in the process of transferring the title deeds of such building in its name.

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2020

Note No.54 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 for the year ended March 31, 2020

| Name of the entity | Net assets, i.e., total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|--|--------------|-------------------------------------|--------------|---|--------------|---|--------------|
| | As % of consolidated net assets | ₹ in Million | As % of consolidated profit or loss | ₹ in Million | As % of consolidated other comprehensive income | ₹ in Million | As % of consolidated total comprehensive income | ₹ in Million |
| Strides Pharma Science Limited | 40.54% | 31,751.69 | -7.66% | 1,116.99 | 68.48% | (353.65) | -5.06% | 763.34 |
| Indian Subsidiaries: | | | | | | | | |
| Arco Lab Private Limited | 0.03% | 22.66 | -0.04% | 5.85 | 1.98% | (10.25) | 0.03% | (4.40) |
| Arrow Remedies Private Limited | 0.00% | (0.77) | 0.00% | (0.19) | 0.00% | - | 0.00% | (0.19) |
| Fagris Medica Private Limited | 0.00% | 1.09 | 0.01% | (0.73) | 0.00% | - | 0.00% | -0.7 |
| Strides Emerging Markets Limited | -0.21% | (164.30) | -0.59% | 85.74 | 0.48% | (2.49) | -0.55% | 83.25 |
| Strides Foundation Trust | 0.03% | 26.38 | 0.00% | 0.18 | 0.00% | - | 0.00% | 0.18 |
| Vivimed Lifesciences Private Limited | 0.60% | 469.99 | -0.33% | 48.23 | 1.38% | (7.15) | -0.27% | 41.08 |
| Foreign Subsidiaries: | | | | | | | | |
| Alliance Pharmacy Pty Limited | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Altima Innovations Inc. | -0.26% | (201.63) | 0.00% | - | 0.00% | - | 0.00% | - |
| Amneal Pharma Australia Pty Limited | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Amneal Pharmaceuticals Pty Limited | 0.00% | - | 5.64% | (821.94) | 0.00% | - | 5.45% | (821.94) |
| Apollo Life Sciences Holdings Proprietary Limited | 0.00% | (1.62) | 0.00% | (0.53) | 0.00% | - | 0.00% | (0.53) |
| Arrow Life Sciences (Malaysia) SDN. BHD. | 0.00% | (0.41) | 0.00% | (0.28) | 0.00% | - | 0.00% | (0.28) |
| Arrow Pharma (Private) Limited | 0.00% | 0.40 | 0.02% | (2.57) | 0.00% | - | 0.02% | (2.57) |
| Arrow Pharma Life Inc. | 0.00% | 0.56 | 0.01% | (1.97) | 0.00% | - | 0.01% | (1.97) |
| Arrow Pharma Pte Limited | -0.10% | (80.27) | 0.00% | (0.41) | 0.00% | - | 0.00% | (0.41) |
| Arrow Pharma Pty Limited | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Arrow Pharmaceuticals Pty Limited | 0.00% | - | 45.01% | (6,561.56) | 0.00% | - | 43.47% | (6,561.56) |
| Beltapharm SpA | 0.20% | 153.69 | 0.55% | (79.54) | 0.00% | - | 0.53% | (79.54) |
| Generic Partners Holding Co Pty Limited | 0.00% | - | 4.99% | (727.19) | 0.00% | - | 4.82% | (727.19) |
| Generic Partners R&D Pte Ltd | 0.00% | 3.05 | 0.01% | (1.94) | 0.00% | - | 0.01% | (1.94) |
| Generic Partners Pty Limited | 0.00% | - | -1.75% | 254.61 | 0.00% | - | -1.69% | 254.61 |
| Generic Partners (Canada) Inc. | 0.00% | 2.19 | 0.02% | (2.43) | 0.00% | - | 0.02% | (2.43) |
| Generic Partners (M) SDN BHD | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Generic Partners (International) Pty Limited | 0.00% | 3.84 | 0.00% | (0.38) | 0.00% | - | 0.00% | (0.38) |
| Generic Partners (NZ) Limited | 0.00% | - | -0.03% | 4.57 | 0.00% | - | -0.03% | 4.57 |
| Generic Partners (SA) Pty Limited | 0.00% | - | 0.00% | 0.33 | 0.00% | - | 0.00% | 0.33 |
| Generic Partners UK Limited | 0.05% | 41.72 | 0.16% | (23.14) | 0.00% | - | 0.15% | (23.14) |
| Pharmacy Alliance Group Holdings Pty Limited | 0.00% | - | -0.13% | 19.46 | 0.00% | - | -0.13% | 19.46 |
| Pharmacy Alliance Investments Pty Limited | 0.00% | - | 4.94% | (720.77) | 0.00% | - | 4.77% | (720.77) |
| Pharmacy Alliance Pty Limited | 0.00% | - | 1.98% | (288.79) | 0.00% | - | 1.91% | (288.79) |
| Pharmapar Inc. | 0.11% | 84.81 | -0.18% | 26.65 | 0.00% | - | -0.18% | 26.65 |
| Shasun Pharma Solutions Inc. | 0.00% | (0.63) | -0.01% | 1.41 | 0.00% | - | -0.01% | 1.41 |

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forming part of the Consolidated financial statements for the year ended March 31, 2020

| Name of the entity | Net assets, i.e., total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|--|--------------|-------------------------------------|--------------|---|--------------|---|--------------|
| | As % of consolidated net assets | ₹ in Million | As % of consolidated profit or loss | ₹ in Million | As % of consolidated other comprehensive income | ₹ in Million | As % of consolidated total comprehensive income | ₹ in Million |
| Smarterpharm Pty Limited | 0.00% | - | 0.25% | (36.42) | 0.00% | - | 0.24% | (36.42) |
| Stabilis Pharma Inc. | 0.00% | 0.14 | 0.00% | (0.02) | 0.00% | - | 0.00% | (0.02) |
| Stelis Biopharma (Malaysia) SDN. BHD. | 0.12% | 93.01 | -0.04% | 5.61 | 0.00% | - | -0.04% | 5.61 |
| Strides Arcolab (Australia) Pty Limited | 0.00% | - | 36.91% | (5,380.98) | 0.00% | - | 35.65% | (5,380.98) |
| Strides Pharma Therapeutics Singapore Pte Limited | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Strides Arcolab International Limited | 6.91% | 5,415.05 | -2.81% | 409.40 | 0.00% | - | -2.71% | 409.40 |
| Strides CIS Limited | 0.00% | 2.84 | 0.03% | (3.68) | 0.00% | - | 0.02% | (3.68) |
| Strides Life Sciences Limited | -0.19% | (147.31) | 0.48% | (69.52) | 0.00% | - | 0.46% | (69.52) |
| Strides Pharma (Cyprus) Limited | 1.07% | 840.04 | 1.74% | (253.82) | 0.00% | - | 1.68% | (253.82) |
| Strides Pharma (SA) Pty Limited | 0.02% | 12.10 | 0.12% | (17.30) | 0.00% | - | 0.11% | (17.30) |
| Strides Netherlands B.V. | 0.00% | (0.60) | 0.00% | (0.58) | 0.00% | - | 0.00% | (0.58) |
| Strides Nordic ApS, | 0.02% | 12.32 | -0.08% | 11.37 | 0.00% | - | -0.08% | 11.37 |
| Strides Pharma Science Pty Ltd | 0.03% | 23.12 | 0.12% | (17.94) | 0.00% | - | 0.12% | (17.94) |
| Strides Pharma Global (UK) Limited | 2.06% | 1,615.42 | -1.18% | 172.43 | 19.65% | (101.47) | -0.47% | 70.96 |
| Strides Pharma Asia Pte Limited | 19.56% | 15,321.91 | 1.02% | (148.19) | 0.00% | - | 0.98% | (148.19) |
| Strides Pharma Canada Inc. | 0.35% | 277.19 | 0.16% | (23.63) | 0.00% | - | 0.16% | (23.63) |
| Strides Pharma Global Pte Limited | 20.13% | 15,767.31 | 5.47% | (797.55) | 8.02% | (41.44) | 5.56% | (838.99) |
| Strides Pharma Inc. | 6.39% | 5,006.65 | -2.53% | 368.11 | 0.00% | - | -2.44% | 368.11 |
| Strides Pharma International Limited | 1.24% | 967.73 | 0.46% | (66.42) | 0.00% | - | 0.44% | (66.42) |
| Strides Pharma UK Limited | 0.91% | 714.55 | -2.00% | 292.02 | 0.00% | - | -1.93% | 292.02 |
| Strides Shasun Latina, SA de CV | 0.02% | 12.03 | 0.05% | (6.83) | 0.00% | - | 0.05% | (6.83) |
| Strides Vivimed Pte Limited | 0.21% | 161.00 | 0.01% | (1.12) | 0.00% | - | 0.01% | (1.12) |
| SVADS Holdings SA | 0.47% | 368.73 | 0.33% | (47.61) | 0.00% | - | 0.32% | (47.61) |
| Trinity Pharma Proprietary Limited | 0.16% | 126.12 | -0.58% | 83.97 | 0.00% | - | -0.56% | 83.97 |
| Universal Corporation Limited | 1.03% | 809.65 | 1.60% | (233.02) | 0.00% | - | 1.54% | (233.02) |
| Vensun Pharmaceuticals Inc. | -1.52% | (1,191.41) | 0.47% | (69.11) | 0.00% | - | 0.46% | (69.11) |
| Indian Associates: | | | | | | | | |
| Stelis Biopharma Private Limited | 0.00% | - | 4.58% | (668.32) | 0.00% | - | 4.43% | (668.32) |
| Strides Consumer Private Limited | 0.00% | - | 0.64% | (94.03) | 0.00% | - | 0.62% | (94.03) |
| Foreign Associates: | | | | | | | | |
| Aponia Laboratories Inc. | 0.00% | - | 0.06% | (8.71) | 0.00% | - | 0.06% | (8.71) |
| Regional Bio Equivalence Centre S.C., | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Fair-Med Healthcare AG, | 0.00% | - | 0.47% | (68.72) | 0.00% | - | 0.46% | (68.72) |
| Eris Pharma GmbH | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Fairmed Healthcare GmbH, | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Juno OTC Canada | 0.00% | - | 0.01% | (1.66) | 0.00% | - | 0.01% | (1.66) |
| Stelis Pte. Ltd, | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Stelis Biopharma LLC, | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Strides Global Consumer Healthcare Limited | 0.00% | - | 1.52% | (222.11) | 0.00% | - | 1.47% | (222.11) |

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forming part of the Consolidated financial statements for the year ended March 31, 2020

| Name of the entity | Net assets, i.e., total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|--|--|------------------|-------------------------------------|--------------------|---|-----------------|---|--------------------|
| | As % of consolidated net assets | ₹ in Million | As % of consolidated profit or loss | ₹ in Million | As % of consolidated other comprehensive income | ₹ in Million | As % of consolidated total comprehensive income | ₹ in Million |
| Strides Consumer LLC | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Foreign Joint ventures: | | | | | | | | |
| Mypak Solutions Pty Limited | 0.00% | - | 0.04% | (5.78) | 0.00% | - | 0.04% | (5.78) |
| MyPak Solutions Australia Pty Ltd, | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Practisoft Pty Ltd, | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Oraderm Pharmaceuticals Pty Limited | 0.00% | - | -0.01% | 0.81 | 0.00% | - | -0.01% | 0.81 |
| Sihuan Strides (HK) Limited | 0.00% | - | 0.06% | (8.74) | 0.00% | - | 0.06% | (8.74) |
| Total | 100.00% | 78,320.03 | 100.00% | (14,578.43) | 100.00% | (516.45) | 100.00% | (15,094.88) |
| a) Adjustments arising out of consolidation | | (53,045.86) | | 14,884.39 | | 887.15 | | 15,771.54 |
| b) Minority Interest in all subsidiaries: | | 672.38 | | 57.95 | | 7.82 | | 65.77 |
| Foreign Subsidiaries: | | | | | | | | |
| Total | | 25,946.55 | | 363.91 | | 378.52 | | 742.43 |

(i) Share of discontinued operations included above is as follows:

| Discontinued operation | ₹ in Million | | |
|------------------------|-----------------|----------------------------|----------------------------|
| | Profit or loss | Other Comprehensive Income | Total Comprehensive Income |
| Australia Business | (127.61) | - | (127.61) |
| Total | (127.61) | - | (127.61) |

(ii) The amounts given here in respect of associates and joint ventures are the share of the Group in the profit or loss of the respective associates and joint ventures.

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2020

Note No.55 Summarised financial information of material non wholly-owned subsidiaries as on March 31, 2019

| Sl. No. of the Subsidiary | Share-holding (%) | Summary of financial information | | | | | | Cash flows | | | Net cash inflow (outflow) from financing activities | Net cash inflow (outflow) | | | | |
|---------------------------|---|----------------------------------|--------------------|---------------------|-------------------------|-------------------------------|--------------------------|------------------------|------------------------|-----------------------|---|---------------------------|---|----------|---------|--------|
| | | Current Assets | Non-Current Assets | Current Liabilities | Non-Current Liabilities | Equity attributable to owners | Non Controlling interest | Profit before taxation | Provision for taxation | Profit after taxation | | | Dividend paid to Non controlling interest | | | |
| 1 | Generic Partners Pty Limited | 51.00% | 754.03 | 1,375.66 | 543.58 | 1,097.55 | 249.22 | 239.34 | 138.98 | 39.20 | 99.78 | - | 38.97 | 0.03 | (0.72) | 38.29 |
| 2 | Generic Partners Holding Co Pty Limited | 51.00% | 739.44 | 0.09 | 4.87 | - | 381.94 | 352.72 | (1.89) | - | (1.89) | - | 0.09 | - | - | 0.09 |
| 3 | Pharmacy Alliance Pty Limited | 51.00% | 428.44 | 304.02 | - | 322.40 | 209.13 | 200.93 | 119.74 | 35.65 | 84.09 | 6.01 | 101.96 | (59.28) | (49.95) | (7.27) |
| 4 | Universal Corporation Limited | 51.00% | 1,311.63 | 1,502.55 | 633.32 | 994.91 | 604.84 | 581.11 | (147.22) | (78.55) | (68.68) | - | 252.59 | (308.42) | 56.01 | 0.18 |

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2020

Note No.56 Events after reporting period

On May 20, 2020, the Board of Directors of the Company has proposed a final dividend of ₹ 2 per equity share. The proposed dividend is subject to the approval of the shareholders in the Annual General Meeting.

Note No.57 Impact of COVID

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. The Group 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 Group has considered available internal and external information while finalising various estimates in relation to its financial statements upto the date of approval of the financial statements by the Board of Directors. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID -19 situation evolves in India and globally. The Group will continue to closely monitor any material changes to future economic conditions. However, the pandemic did not have any material impact on the financial statements for the year ended March 31, 2020.

Note No.58 During the year ended March 31, 2020, no material foreseeable loss (March 31, 2019: Nil) was incurred for any long-term contract.

The Company has recognised a mark to market loss of Rs. 717.72 Million (derivative liability) as of 31 March 2020 (2019: Rs. 342.89 Million) on its derivative instruments.

Note No.59 The previous year's figures have been re-grouped/ reclassified, where necessary to conform to current year's classification.

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

As per our report of even date attached for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

for and on behalf of Board of Directors of Strides Pharma Science Limited

Dr. R. Ananthanarayanan
Managing Director & CEO
DIN : 02231540

Badree Komandur
Executive Director-Finance & Group CFO
DIN: 07803242

Sampad Guha Thakurta
Partner
Membership No.: 060573
Bengaluru, May 20, 2020

Manjula R.
Company Secretary
Membership No.: A30515

Independent Auditor's Report

To the Members of

Strides Pharma Science Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Strides Pharma Science 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.

Going concern assessment

[Refer Significant Accounting Policies to the standalone financial statements]

The key audit matter

As at 31 March 2020, the Company had net current asset position. However, the Group on a consolidated basis had net current liabilities (excess of current liabilities over current assets) of ₹ 1,727 million and total borrowings of ₹ 19,617 million.

Note 2.1 to the standalone financial statements explains that the management has concluded that the going concern basis is appropriate in preparing the standalone financial statements of the Company. The Company evaluated its ability to continue as a going concern based upon an assessment of the Group's cash position, future cash flow forecasts, considering its existing debt repayment obligations and other commitments and availability of financing facilities. This required the exercise of significant judgment, particularly in forecasting the Group's future revenue, profitability and cash flows, in assessing its ability to renew / obtain additional banking facilities and considering the impact of COVID-19 on all these assumptions, if any.

Based on their assessment, the Company concluded that there are no material uncertainties related to events or conditions as described in Note 2.1 to the standalone financial statements which, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern.

Considering the significance of the area to the overall financial statements, this was an area of focus for our audit.

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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

How the matter was addressed in our audit

Our audit procedures to assess the appropriateness of going concern assumption and 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 included the following:

- Gaining an understanding of the Group's business planning process and assessing the design, implementation and operating effectiveness of management's key internal controls over preparation of cash flow forecasts to assess its liquidity;
- Evaluating the key assumptions in the cash flow forecasts (including future revenue, profitability and cash flows) with reference to historical information, current performance, uncommitted funding needs, and market and other external available information;
- Performing a retrospective analysis to assess the reasonableness of Group's projections by comparing historical forecast to actual results.
- Assessing the availability of undrawn banking and other financing facilities and history of actual rollover of facilities by inspecting underlying documentation;
- Assessing the impact of any existing covenants and other restrictive terms therein which may impact Group's ability to raise further debt and considering the impact of COVID-19 on all these assumptions.

Independent Auditor's Report

Key Audit Matters (Contd.)

Impairment testing of investments in subsidiaries and associates:

[Refer Significant Accounting Policies and note 8(i) to the Standalone Financial Statements]

The key audit matter

The carrying amount of investments in subsidiaries and associates (aggregates to ₹ 21,705.70 million) accounts for 46% of the total assets of the Company as at 31 March 2020.

Company's assessment of impairment contains a number of parameters which involve significant judgements and estimates including revenue growth, cashflow forecasting and weighted average cost of capital. Changes in these assumption, including on account of COVID-19, if any, could lead to an impact over fair value of investment and accordingly impairment provision.

The annual impairment testing was significant to our audit, because of the financial quantum of the assets as well as the fact that the testing relies on critical judgements, estimates and assumptions.

How the matter was addressed in our audit

In view of the significance of the matter, following audit procedures were applied, among others to obtain sufficient audit evidence:

- Tested the design of key internal financial controls and operating effectiveness of the relevant key controls around the review of the assessment of impairment of investment in subsidiaries and associates.
- Performed a retrospective review to assess the reasonableness of Company's projections by comparing historical forecast to actual results.
- Tested reasonability of projections used by the Company relating to the sales growth, operating costs, cashflow forecast.
- Engaged our valuation specialists to assist us in providing overall reasonableness of the valuation by evaluating the assumptions, approaches and methodologies used by the Company, in particular those relating to the weighted average cost of capital (WACC), terminal growth rate etc.
- Tested whether the management analysis about the sensitivity of the outcome of the impairment assessment to reasonably possibly changes in key assumptions reflect the risks inherent in the valuation, including possible impact of COVID-19 pandemic, if any.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises of Management Reports such as Board's Report, Management Discussion and Analysis, Corporate Governance Report and Business Responsibility Report, but does not include the financial statements and our auditor's report thereon which we obtained prior to the date of this Auditor's Report, and the remaining sections of Annual Report, which are expected to be made available to us after that date.

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, on the other information that we obtained prior to the date of this Auditor's Report 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.

When we read the other sections of Annual Report (other than those mentioned above), if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

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

Independent Auditor's Report

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 controls.

- Obtain an understanding of internal controls 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 controls that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these

Independent Auditor's Report

matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

- 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.
 - As required by Section 143(3) of the Act, we report that:
 - 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.
 - 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.
 - 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.
 - In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
 - 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.
 - 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 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:

- 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 41 to the standalone financial statements;
- The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses - Refer Note 52 to the standalone financial statements;
- There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- 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 Auditor's 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 **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sampad Guha Thakurta
Partner

Place: Bengaluru
Date: 20 May 2020

Membership Number: 060573
UDIN: 20060573AAAABW9209

Annexure A to the Independent Auditor's Report

The Annexure referred to in Independent Auditor's Report to the members of the Company on the standalone financial statements of Strides Pharma Science Limited 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 regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were verified during the year and subsequent to year end till the date of this report. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and basis our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except the following:

| Particulars | Gross block (₹ in million as at 31 March 2020) | Net Block (₹ in million as at 31 March 2020) | Remarks |
|--|--|--|---|
| Freehold land admeasuring 4.69 Acres | 174.30 | 174.30 | The title deeds are under dispute. |
| Freehold land and building admeasuring 21.41 acres | 702.60 | 501.00 | The title deeds are not in the name of the Company. |
| Building (Apartment) admeasuring 750 sq. ft. | 3.55 | 1.21 | The title deeds are not in the name of the Company. |

Refer note 50 to the standalone financial statements.

In respect of immovable properties of land and buildings that have been taken on lease and disclosed as property, plant and equipment in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

- (ii) Inventories apart from goods in transit have been physically verified by the Management during the year and the discrepancies noticed on such verification between the physical stock and book records were not material. In our opinion, the frequency of such verification is reasonable.
- (iii) The Company has granted unsecured loans to Companies covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act").
- (vi) (a) During the year the Company has not granted loans to parties covered in the register maintained under section 189 of the Companies Act, 2013 ("the Act"). Accordingly, the provisions of clause 3(iii) (a) of the Order is not applicable to the Company.
- (b) In the case of the loans granted in earlier years to companies covered in the Register maintained under Section 189 of the Act, the borrowers have been regular in the repayment of the principal and payment of interest, wherever stipulated.
- (c) There are no amounts of loans granted to companies listed in the register maintained under section 189 of the Act which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans given, investments made and, guarantees and securities given.
- (v) According to information and explanations given to us, the Company has not accepted any deposits. 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 Companies (Cost Records and Audit) Rules, 2014 as amended, prescribed by the Central Government under Section 148 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 such 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, employees' state insurance, income-tax, goods and services tax, duty of customs, cess and other material statutory dues have been generally regularly deposited during the year with the appropriate authorities. Also refer note 41 to the standalone financial statements.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and services tax, duty of customs, cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

Annexure A to the Independent Auditor's Report

The Annexure referred to in Independent Auditor's Report to the members of the Company on the standalone financial statements of Strides Pharma Science Limited for the year ended 31 March 2020. We report that:

- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax and goods and services tax, which have not been deposited with the appropriate authorities on account of any disputes other than those set out below:

| Name of statute | Nature of dues | Forum where dispute is pending | Period to which the amount relates | Amount (₹ in million) |
|--|------------------------|--|------------------------------------|--|
| The Income-Tax Act, 1961 | Income tax | Income Tax Appellate Tribunal | AY 2008-09 | 190.42 (net of tax paid under protest of 223.14) |
| The Income-Tax Act, 1961 | Income tax | Income Tax Appellate Tribunal | AY 2009-10 | 262.21 (net of tax paid under protest of 307.56) |
| The Income-Tax Act, 1961 | Income tax | Income Tax Appellate Tribunal | AY 2011-12 | 75.14 (net of tax paid under protest of 59.98) |
| The Income-Tax Act, 1961 | Income tax | Income Tax Appellate Tribunal | AY 2012-13 | 155.86 (net of tax paid under protest of 1.62) |
| The Income-Tax Act, 1961 | Income tax | Income Tax Appellate Tribunal | AY 2015-16 | 307.86 |
| Central Excise Act, 1944 | Central Excise | Customs, Excise and Service Tax Appellate Tribunal | Various dates | 14.04 |
| Central Excise Act, 1944 | Central excise | Commission of Central Excise | Various dates | 5.20 |
| Central Excise Act, 1944 | Central Excise | Customs, Excise and Service Tax Appellate Tribunal | Various dates | 481.20 (net of tax paid under protest of 24.51) |
| Central Excise Act, 1944 | Central Excise | Commissioner of Central Tax | Various dates | 63.06 |
| Central Goods and Services Tax Act, 2017 | Goods and Services Tax | Commissioner of Central tax | July 2018 | 18.11 |

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions. The Company did not have any borrowings during the year by way of debentures or from government.
- (ix) According to the information and explanations given to us, the Company has not raised any money by way of public issue or further public offer (including debt instruments) or term loans during the year.
- (x) According to the information and explanations given to us, no fraud by the Company or any material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the standalone financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, para 3 (xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sampad Guha Thakurta
Partner

Place: Bengaluru
Date: 20 May 2020

Membership Number: 060573
UDIN: 20060573AAAABW9209

Annexure B to the Independent Auditor’s report on the standalone financial statements of Strides Pharma Science Limited (“the Company”) 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 1 (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 Strides Pharma Science 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 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 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 controls 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”).

Auditor’s 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 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 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

Annexure B to the Independent Auditor’s report on the standalone financial statements of Strides Pharma Science Limited (“the Company”) 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 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

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 **B S R & Co. LLP**
Chartered Accountants
Firm’s Registration No: 101248W/W-100022

Sampad Guha Thakurta
Partner
Membership Number: 060573
UDIN: 20060573AAAABW9209

Place: Bengaluru
Date: 20 May 2020

Balance Sheet

as at March 31, 2020

| | Note | March 31, 2020 | March 31, 2019 |
|--|--------|------------------|------------------|
| ₹ in Million | | | |
| A Assets | | | |
| I Non-current assets | | | |
| (a) Property, plant and equipment | 4 | 4,500.57 | 4,445.93 |
| (b) Capital work-in-progress | | 860.27 | 725.57 |
| (c) Right-of-use assets | 5(i) | 434.66 | - |
| (d) Investment property | 6 | 723.57 | 768.80 |
| (e) Other intangible assets | 7 | 497.89 | 521.38 |
| (f) Intangible assets under development | | 227.82 | 499.03 |
| (g) Financial assets | | | |
| (i) Investments | 8(i) | 21,705.70 | 19,945.88 |
| (ii) Loans receivable | 9(i) | 960.65 | 916.12 |
| (iii) Other financial assets | 10(i) | 31.66 | - |
| (h) Deferred tax assets (net) | 11 | 810.36 | 801.22 |
| (i) Income-tax assets (net) | 12 | 1,283.89 | 1,161.31 |
| (j) Other non-current assets | 13(i) | 147.42 | 206.87 |
| Total non-current assets | | 32,184.46 | 29,992.11 |
| II Current assets | | | |
| (a) Inventories | 14 | 4,448.59 | 4,733.41 |
| (b) Financial assets | | | |
| (i) Investments | 8(ii) | - | 1,542.86 |
| (ii) Trade receivables | 15 | 6,614.59 | 5,825.60 |
| (iii) Cash and cash equivalents | 16 | 656.33 | 694.73 |
| (iv) Other balances with banks | 17 | 428.01 | 1,113.40 |
| (v) Loans receivable | 9(ii) | 771.61 | 276.00 |
| (vi) Other financial assets | 10(ii) | 472.24 | 1,127.48 |
| (c) Other current assets | 13(ii) | 1,161.66 | 1,322.38 |
| | | 14,553.03 | 16,635.86 |
| (d) Assets classified as held for sale | 4 | 15.00 | - |
| Total current assets | | 14,568.03 | 16,635.86 |
| Total Assets | | 46,752.49 | 46,627.97 |
| B Equity and Liabilities | | | |
| I Equity | | | |
| (a) Equity share capital | 18 | 895.65 | 895.49 |
| (b) Other equity | 19 | 30,856.04 | 31,672.49 |
| Total equity | | 31,751.69 | 32,567.98 |
| II Liabilities | | | |
| 1 Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Lease liabilities | 5(ii) | 385.21 | - |
| (ii) Borrowings | 20(i) | - | 1.52 |
| (iii) Other financial liabilities | 21(i) | 36.90 | 33.38 |
| (b) Provisions | 22(i) | 197.46 | 128.78 |
| (c) Other non-current liabilities | 23(i) | 3.38 | 6.38 |
| Total non-current liabilities | | 622.95 | 170.06 |
| 2 Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Lease liabilities | 5(ii) | 104.45 | 20.83 |
| (ii) Borrowings | 20(ii) | 8,524.55 | 8,087.98 |
| (iii) Trade payables | 24 | | |
| - Total outstanding dues of micro enterprises and small enterprises | | 148.51 | 57.36 |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | | 4,592.58 | 5,036.65 |
| (iv) Other financial liabilities | 21(ii) | 611.91 | 238.50 |
| (b) Provisions | 22(ii) | 187.84 | 213.08 |
| (c) Current tax liabilities (net) | 25 | - | 1.30 |
| (d) Other current liabilities | 23(ii) | 208.01 | 234.23 |
| Total current liabilities | | 14,377.85 | 13,889.93 |
| Total liabilities | | 15,000.80 | 14,059.99 |
| Total Equity and Liabilities | | 46,752.49 | 46,627.97 |

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

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022

for and on behalf of Board of Directors of Strides Pharma Science Limited

Dr. R. Ananthanarayanan

Managing Director & CEO
DIN : 02231540

Badree Komandur

Executive Director-Finance & Group CFO
DIN: 07803242

Sampad Guha Thakurta

Partner

Membership No.: 060573

Bengaluru, May 20, 2020

Manjula R.

Company Secretary

Membership No.: A30515

Statement of Profit and Loss

For the year ended March 31, 2020

| | Note | March 31, 2020 | March 31, 2019 |
|---|------|------------------|------------------|
| ₹ in Million | | | |
| A. Continuing operations: | | | |
| 1 Revenue from operations | 26 | 16,741.49 | 15,374.38 |
| 2 Other income | 27 | 1,001.64 | 1,146.05 |
| 3 Total income (1+2) | | 17,743.13 | 16,520.43 |
| 4 Expenses | | | |
| (a) Cost of materials consumed | | 8,483.36 | 9,037.66 |
| (b) Purchase of stock-in-trade | | 384.60 | 205.79 |
| (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | 28 | 11.83 | (455.17) |
| (d) Employee benefits expense | 29 | 2,217.68 | 2,232.12 |
| (e) Finance costs | 30 | 667.13 | 540.92 |
| (f) Depreciation and amortisation expense | 31 | 916.29 | 830.02 |
| (g) Other expenses | 32 | 3,391.52 | 2,798.30 |
| (h) Foreign exchange loss- net | | 152.14 | 165.24 |
| Total expenses | | 16,224.55 | 15,354.88 |
| 5 Profit before exceptional items and tax (3-4) | | 1,518.58 | 1,165.55 |
| 6 Exceptional items loss (net) | 33 | - | (35.24) |
| 7 Profit before tax (5+6) | | 1,518.58 | 1,130.31 |
| 8 Tax expense | 34 | | |
| (a) Current tax | | 197.87 | 246.27 |
| (b) Deferred tax expense / (benefit) | | 203.72 | (260.06) |
| Total tax expense / (benefit) | | 401.59 | (13.79) |
| 9 Profit for the year from continuing operations (7-8) | | 1,116.99 | 1,144.10 |
| B. Discontinued operations: | | | |
| 10 Loss on disposal of assets / settlement of liabilities attributable to the discontinued operations (net) | 38.3 | - | (47.01) |
| 11 Loss before tax from discontinued operations | | - | (47.01) |
| 12 Tax benefit of discontinued operations | 38.3 | - | (6.58) |
| 13 Loss after tax from discontinued operations (11-12) | | - | (40.43) |
| C Total operations | | | |
| 14 Profit for the year (9+13) | | 1,116.99 | 1,103.67 |
| 15 Other comprehensive income/ (expense) | | | |
| A) (i) Items that will not be reclassified to profit or loss | 37 | (28.98) | (7.71) |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | 37 | 11.41 | 3.18 |
| B) (i) Items that may be reclassified to profit or loss | 37 | (516.60) | 150.23 |
| (ii) Income tax relating to items that may be reclassified to profit or loss | 37 | 180.52 | (52.63) |
| Total other comprehensive income for the year, net of tax | | (353.65) | 93.07 |
| 16 Total comprehensive income for the year (14+15) | | 763.34 | 1,196.74 |
| 17 Earnings per equity share (of ₹ 10/- each) (for continuing operation) | | | |
| - Basic | 46 | 12.47 | 12.78 |
| - Diluted | 46 | 12.47 | 12.77 |
| 18 Earnings per equity share (of ₹ 10/- each) (for discontinued operation) | | | |
| - Basic | 46 | - | (0.45) |
| - Diluted | 46 | - | (0.45) |
| 19 Earnings per equity share (of ₹ 10/- each) (for discontinued & continuing operations) | | | |
| - Basic | 46 | 12.47 | 12.33 |
| - Diluted | 46 | 12.47 | 12.32 |

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

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022

for and on behalf of Board of Directors of Strides Pharma Science Limited

Dr. R. Ananthanarayanan

Managing Director & CEO
DIN : 02231540

Badree Komandur

Executive Director-Finance & Group CFO
DIN: 07803242

Sampad Guha Thakurta

Partner

Membership No.: 060573

Bengaluru, May 20, 2020

Manjula R.

Company Secretary

Membership No.: A30515

Statement of Changes in Equity

For the year ended March 31, 2020

| Particulars | ₹ In Million |
|---|---------------|
| Balance as at April 1, 2018 | 895.00 |
| Changes in equity share capital during the year | |
| - Shares issued pursuant to exercise of stock options (refer note 42) | 0.49 |
| Balance as at March 31, 2019 | 895.49 |
| Changes in equity share capital during the year | |
| - Shares issued pursuant to exercise of stock options (refer note 42) | 0.16 |
| Balance as at March 31, 2020 | 895.65 |

A) Equity share capital

B) Other equity

| Particulars | ₹ in Million | | | | | | | | | |
|---|-----------------|--------------------|---------------------------------------|----------------------------|-----------------------------------|-----------------|-------------------|--------------------------------------|--|------------------|
| | Capital reserve | Securities premium | Reserve for Business Restructure (BR) | Capital redemption reserve | Share options outstanding account | General reserve | Retained earnings | Effective portion of cash flow hedge | Re-measurement of the defined benefit liabilities / (assets) | Total |
| Balance as at April 1, 2018 | 123.67 | 16,969.42 | 3,846.38 | 601.61 | 89.21 | 3,836.44 | 5,236.26 | 26.04 | (98.34) | 30,632.13 |
| Profit for the year | - | - | - | - | - | - | 1,103.67 | - | - | 1,103.67 |
| Other comprehensive income for the year (net of tax) | - | - | - | - | - | - | - | 97.60 | (4.53) | 93.07 |
| Total comprehensive income | - | - | - | - | - | - | 1,103.67 | 97.60 | (4.53) | 1,196.74 |
| Dividend (including tax on dividend) | (1.44) | - | - | - | - | - | (179.10) | - | - | (179.10) |
| Issue of shares on exercise of stock options | - | 31.39 | - | - | (16.43) | - | - | - | - | 13.52 |
| Employee stock compensation expenses (including expenses pertaining to discontinued operations) | - | - | - | - | 9.20 | - | - | - | - | 9.20 |
| Transferred to general reserve on stock options lapse | - | - | - | - | (6.28) | 6.28 | - | - | - | - |
| Balance as at March 31, 2019 | 123.67 | 17,000.81 | 3,846.38 | 601.61 | 75.70 | 3,842.72 | 6,160.83 | 123.64 | (102.87) | 31,672.49 |
| Adjustments pursuant to adoption of Ind AS 116, (net of tax) | - | - | - | - | - | - | (38.95) | - | - | (38.95) |
| Adjusted balance as at April 01, 2019 | 123.67 | 17,000.81 | 3,846.38 | 601.61 | 75.70 | 3,842.72 | 6,121.88 | 123.64 | (102.87) | 31,633.54 |

Statement of Changes in Equity

For the year ended March 31, 2020

| Particulars | ₹ in Million | | | | | | | | | |
|---|-----------------|--------------------|---------------------------------------|----------------------------|-----------------------------------|-----------------|-------------------|--------------------------------------|--|------------------|
| | Capital reserve | Securities premium | Reserve for Business Restructure (BR) | Capital redemption reserve | Share options outstanding account | General reserve | Retained earnings | Effective portion of cash flow hedge | Re-measurement of the defined benefit liabilities / (assets) | Total |
| Balance as at April 1, 2018 | 123.67 | 16,969.42 | 3,846.38 | 601.61 | 89.21 | 3,836.44 | 5,236.26 | 26.04 | (98.34) | 30,632.13 |
| Profit for the year | - | - | - | - | - | - | 1,116.99 | (336.08) | (17.57) | (353.65) |
| Other comprehensive income for the year (net of tax) | - | - | - | - | - | - | - | (336.08) | (17.57) | (353.65) |
| Total comprehensive income | - | - | - | - | - | - | 1,116.99 | (336.08) | (17.57) | 763.34 |
| Dividend (including tax on dividend) | - | - | - | - | - | - | (1,563.01) | - | - | (1,563.01) |
| Issue of shares on exercise of stock options | - | 7.56 | - | - | (2.92) | - | - | - | - | 4.64 |
| Employee stock compensation expenses (including expenses cross charged to subsidiaries) | - | - | - | - | 17.53 | - | - | - | - | 17.53 |
| Transferred to general reserve on stock options lapse | - | - | - | - | (33.07) | 33.07 | - | - | - | - |
| Balance as at March 31, 2020 | 123.67 | 17,008.37 | 3,846.38 | 601.61 | 57.24 | 3,875.79 | 5,675.86 | (212.44) | (120.44) | 30,856.04 |

A) Equity share capital

The accompanying notes are an integral part of the standalone financial statements
As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Dr. R. Ananthanarayanan
Managing Director & CEO
DIN : 02231540

Sampad Guha Thakurta
Partner
Membership No.: 060573
Bengaluru, May 20, 2020

Dr. R. Ananthanarayanan
Managing Director & CEO
DIN : 02231540

Manjula R.
Company Secretary
Membership No.: A30515

for and on behalf of Board of Directors of Strides Pharma Science Limited

Badree Komandur
Executive Director-Finance & Group CFO
DIN: 07803242

Manjula R.
Company Secretary
Membership No.: A30515

Cash Flow Statement

For the year ended March 31, 2020

| | ₹ in Million | |
|--|-----------------|-------------------|
| | 31-Mar-20 | 31-Mar-19 |
| Cash flow from operating activities | | |
| Profit before income tax from | | |
| - Continuing operations | 1,518.58 | 1,130.31 |
| - Discontinued operations | - | (47.01) |
| Profit before income tax (including discontinued operations) | 1,518.58 | 1,083.30 |
| Adjustments for: | | |
| - Depreciation and amortisation expense | 916.29 | 830.02 |
| - Loss on sale of property, plant and equipment and intangibles | 1.40 | 0.47 |
| - Loss on disposal of assets / settlement of liabilities attributable to the discontinued operations (net) | - | 47.01 |
| - Share based compensation expense | 15.87 | 8.97 |
| - Interest expense on borrowings and discounting of lease security deposits received | 627.51 | 509.79 |
| - Interest and dividend income | (373.01) | (519.64) |
| - Income from current investment | (39.74) | - |
| - Rental income from investment property | (105.63) | (84.15) |
| - Liabilities no longer required written back | (40.51) | - |
| - Bad debts written off / provision for doubtful trade and other receivables | 98.21 | 57.67 |
| - Net unrealised exchange loss | 98.39 | 51.75 |
| Operating profit before working capital changes | 2,717.36 | 1,985.19 |
| Changes in working capital: | | |
| Increase in trade and other receivables | (803.25) | (339.23) |
| Decrease / (increase) in inventories | 284.77 | (2,037.16) |
| (Decrease) / Increase in trade and other payables | (388.75) | 1,166.03 |
| Net change in working capital | (907.23) | (1,210.36) |
| Cash generated from operations | 1,810.13 | 774.83 |
| Income taxes paid | (321.75) | (375.15) |
| Net cash flow generated from operating activities | 1,488.38 | 399.68 |
| Cash flow from investing activities | | |
| Capital expenditure for property, plant and equipment and intangible assets, including capital advance | (648.17) | (861.30) |
| Proceeds from sale of property, plant and equipment and intangible assets | 11.02 | 40.69 |
| Proceeds from sale of investment in mutual funds | 1,557.47 | 1,585.36 |
| Investments in subsidiaries and other entities | (1,784.82) | (2,261.32) |
| Proceeds from sale of long-term investments | 551.00 | 1,040.70 |
| Loan given to others | (1,030.01) | (842.55) |
| Loan recovered from others | 619.13 | 150.00 |
| Interest and dividends received (net of taxes) | 531.14 | 422.46 |
| Rental income from investment property | 108.10 | 87.35 |
| Security deposits paid | (66.65) | - |
| Proceeds /(investment) in fixed deposits with maturity of more than 3 months | 664.10 | (1,018.75) |
| Rent deposit given | (3.52) | (3.19) |
| Net cash flow generated from / (utilised) in investing activities | 508.79 | (1,660.55) |

| | ₹ in Million | |
|--|-------------------|-----------------|
| | 31-Mar-20 | 31-Mar-19 |
| Cash flow from financing activities | | |
| Proceeds from issue of equity shares | 4.80 | 14.01 |
| Repayment of long-term borrowings | (2.11) | (9.40) |
| Proceeds from short-term borrowings | 187.83 | 1,915.25 |
| Dividends paid (net of taxes) | (1,538.91) | (179.46) |
| Lease payments | (138.13) | - |
| Interest paid on borrowings | (549.05) | (507.80) |
| Net cash (utilised in)/ generated from financing activities | (2,035.57) | 1,232.60 |
| Net decrease in cash and cash equivalents during the year | (38.40) | (28.27) |
| Cash and cash equivalents at the beginning of the year | 694.73 | 723.00 |
| Cash and cash equivalents at the end of the year* | 656.33 | 694.73 |
| *Comprises: | | |
| Cash on hand | 1.71 | 1.31 |
| Balance with banks: | | |
| - In current accounts | 308.18 | 373.65 |
| - In EEFC accounts | 7.32 | - |
| - In Escrow accounts | - | 2.00 |
| - In deposit accounts | 250.71 | 37.43 |
| - Funds-in-transit | 88.41 | 280.34 |
| Total | 656.33 | 694.73 |

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

As per our report of even date attached

for and on behalf of Board of Directors of Strides Pharma Science Limited

for **B S R & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022

Dr. R. Ananthanarayanan

Managing Director & CEO

DIN : 02231540

Badree Komandur

Executive Director-Finance & Group CFO

DIN: 07803242

Sampad Guha Thakurta

Partner

Membership No.: 060573

Bengaluru, May 20, 2020

Manjula R.

Company Secretary

Membership No.: A30515

Notes

forming part of the standalone financial statements for the year ended March 31, 2020

Note No.01 General information

Strides Pharma Science Limited (the 'Company' or 'Strides') is a pharmaceutical company domiciled in India, with its registered office situated at 201, Devavrata, Sector 17, Vashi, Navi Mumbai – 400703 and corporate office in Bengaluru, India. The Company has changed its name from Strides Shasun Limited to Strides Pharma Science Limited with effect from July 18, 2018. The Company has been incorporated under the provisions of Indian Companies Act and its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. Strides develops and manufactures a wide range of IP-led niche pharmaceutical products.

Note No.02 Basis of preparation of financial statements

2.1 Statement of compliance

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

The standalone financial statements were approved by the Board of Directors and authorised for issue on May 20, 2020.

As of 31 March 2020, the company had net current asset position. However, the Group's consolidated current liabilities exceed its current assets and it has provided certain guarantees in relation to the borrowings of its Associates. The Company based on the fact that it has generated positive operating cash flows in current year and expects to continue in future periods and its ability to raise new financing facilities, believes it will be able to continue to generate sufficient cash to meet its obligations as they fall due. Also refer Note 47.6 for impact of COVID-19.

2.2 Functional and presentation currency

These standalone 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.

2.3 Basis of measurement

These standalone financial statements have been prepared on the historical cost basis, except for the following items:

- Certain financial assets and liabilities (including derivative instruments) are measured at fair value;
- Net defined benefit assets/(liability) are measured at fair value of plan assets, less present value of defined benefit obligations; and
- Equity settled share based payments that are measured at fair value.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the standalone financial statements.

2.4.1 Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 2.2 — Assessment of functional currency;
- Note 3.2 — Revenue recognition: whether revenue from sale of product and services is recognised overtime or at a point of time;
- Note 3.15 and 47 — Financial instruments;
- Note 3.9, 3.10 and 3.11— Useful lives of property, plant and equipment, investment property and intangible assets;
- Note 2.4.2.1— Impairment of non financial assets;
- Note 43 — Measurement of defined benefit obligation; key actuarial assumptions;
- Note 42 — Share based payments;

Notes

forming part of the standalone financial statements for the year ended March 31, 2020

- Note 3.8, 11, 38 and 41 (b) — Provision for income taxes and related tax contingencies and evaluation of recoverability of deferred tax assets.

2.4.2 Assumption and estimation uncertainty

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

2.4.2.1 Impairment of non-financial assets

Determining whether the asset is impaired requires to assess the recoverable amount of the asset or Cash Generating Unit (CGU) which is compared to the carrying amount of the asset or CGU, as applicable. Recoverable amount is the higher of fair value less costs of disposal and value in use. Where the carrying amount of an asset or CGU exceeds the recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

2.4.2.2 Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

2.4.2.3 Employee benefits

The cost of defined benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, attrition rate and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. (Refer note 43)

2.4.2.4 Share based compensation to employees

The Company has granted share based payment plans to its employees. Valuation models are used to calculate the expense for such share-based compensation to employees. These models require a number of assumptions to be made as input. These include financial assumptions as well as various assumptions around individual employee behaviour. (Refer note 42)

2.4.2.5 Litigations

As explained in note 38.1, the Company is a party to certain commercial disputes and has also received notification of claims for significant amounts. There are number of factors that may affect the ultimate outcome in respect of this matter and accordingly, it is difficult to assess the impact of these disputes with accuracy. (Refer note 41)

2.5 Operating cycle

As mentioned in para 1 above under 'Corporate information', the Company is into development and manufacture of pharmaceutical products. Based on the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 3 years to 5 years and 12 months relating to research and development activities and manufacturing of pharmaceutical products respectively. The above basis is used for classifying the assets and liabilities into current and non-current as the case may be.

2.6 Cash flow statement

Cash flows are reported using indirect method, whereby net profits 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 and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

Note No.03 Significant accounting policies

3.1 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange of control of the acquiree. Acquisition-related costs are generally recognised in statement of profit and loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Taxes and Ind AS 19 Employee Benefits respectively;

Notes

forming part of the standalone financial statements for the year ended March 31, 2020

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payment at the acquisition date (see note 3.7.2); and
- assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

3.2 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

3.2.1 Sale of goods

Revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised good refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognised (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as sales tax or other taxes directly linked to sales. If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based on their relative stand-alone selling prices. Revenue from product sales are recorded net of allowances for estimated rebates, cash discounts and estimates of product returns, all of which are established at the time of sale.

The consideration received by the Company in exchange for its goods may be fixed or variable. Variable consideration is only recognised when it is considered highly probable that a significant revenue reversal will not occur once the underlying uncertainty related to variable consideration is subsequently resolved.

Profit share revenues

The Company from time to time enters into marketing arrangements with certain 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 base purchase price agreed upon in the arrangement and is also entitled to a profit share which is over and above the base purchase price. The profit share is typically dependent on the business partner's ultimate net sale proceeds or net profits, 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 in an amount equal to the base purchase price is recognised in these transactions upon delivery of products to the business partners. An additional amount representing the profit share component is recognised as revenue in the period which corresponds to the ultimate sales of the products made by business partners only when the collectability of the profit share becomes probable and a reliable measurement of the profit share is available. Otherwise, recognition is deferred to a subsequent period pending satisfaction of such collectability and measurability requirements. In measuring the amount of profit share revenue to be recognised for each period, the Company uses all available information and evidence, including any confirmations from the business partner of the profit share amount owed to the Company, to the extent made available before the date the Company's Board of Directors authorises the issuance of its financial statements for the applicable period.

Sale to distributors

The Company appoints distributors in various territories who purchases the goods from the Company and thereafter sells them in the territory. In case the distributor is acting as an agent, the Company defers revenue recognition till the time goods are sold by the distributor to the end customer. On the other hand, if the distributor is principal, revenue is recognised upon the transfer of control over the goods to the distributor.

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forming part of the standalone financial statements for the year ended March 31, 2020

Right to reject or return goods

The Company also sells its products to the customers with a right to return the goods within the specified period of time. If the probability of acceptance by the customer is uncertain, recognition of revenue is deferred till the expiry of right to return or acceptance by the customer whichever is earlier.

Price variations / Incentives

Incentives are accounted based on the assessment of whether the beneficiary (of the incentive) is acting as a principal or an agent. Where the beneficiary is a principal, the incentive is regarded as consideration paid to the customer and is reduced from revenue.

However, where the beneficiary is an agent, the incentive payment is recognised as an expense as the same is in the nature of commission.

Chargebacks / Reptos claims by the wholesalers / distributors and Price Protections

Chargebacks and reptos claims are estimated on the basis of the average trend of the past periods and recognised as reduction to revenue.

3.2.2 Sale of services

Revenue from services rendered, which primarily relate to contract research, is recognised in the statement of profit and loss as the underlying services are performed. Upfront payments received under these arrangements are deferred and recognised as revenue over the expected period over which the related services are expected to be performed.

3.2.3 Royalty, sale of licenses and Intellectual property rights

The Company enters into certain dossier sales, royalties, licensing and supply arrangements with various parties. Income from licensing arrangements is generally recognised over the term of the contract. Some of these arrangements include certain performance obligations by the Company. Revenue from such arrangements is recognised in the period in which the Company completes all its performance obligations.

3.2.4 Export incentives

Export incentives are accrued for based on fulfilment of eligibility criteria for availing the incentives and when there is no uncertainty in receiving the same. These incentives include estimated realisable values/benefits from special import licenses and benefits under specified schemes as applicable.

3.2.5 Rental income

The Company's policy for recognition of revenue from operating leases is described in note 3.3.1 below.

3.2.6 Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal 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.

3.2.7 Transition

The Company had adopted IND AS 115 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018).

3.3 Leases

The Company has applied Ind AS 116 Leases using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17, Leases. The details of accounting policies under Ind AS 17 Leases are disclosed separately.

Policy applicable from 1 April 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in Ind AS 116. This policy is applied to contracts entered into, on or after 1 April 2019.

3.3.1 The Company as lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Notes

forming part of the standalone financial statements for the year ended March 31, 2020

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise

an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company's significant leasing arrangements are mainly in respect of factory land and buildings, residential and office premises.

3.3.2 The Company as lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease

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forming part of the standalone financial statements for the year ended March 31, 2020

classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Company recognises lease payments received under operating leases as income on a straightline basis over the lease term.

Transition

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease 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 Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 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 also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. 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 its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of 358.78 million and a corresponding lease liability of 418.66 million has been recognised. The cumulative effect on transition in retained earnings net off taxes is 38.95 million (including a deferred tax of 20.93 million). The principal portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 9% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

Policy applicable before 1 April 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

3.3.3 The Company as lessor

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3.3.4 The Company as lessee

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the standalone balance sheet as a finance lease obligation.

Lease payments are apportioned between finance costs and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognised immediately in statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs (see note 3.5 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

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Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3.4 Foreign currencies transactions and translation

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets, are capitalised as cost of assets.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated. Income and expense items in foreign currency are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used.

3.5 Borrowing costs

Borrowing costs include:

- (i) interest expense calculated using the effective interest rate method,
- (ii) finance charges in respect of finance leases, and
- (iii) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in statement of profit and loss in the period in which they are incurred.

3.6 Employee benefits

3.6.1 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.

3.6.2 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) and the return on plan assets (excluding net interest), 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.

The retirement benefit obligation recognised in the standalone balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

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.

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3.6.3 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.

3.7 Share-based payment arrangements

3.7.1 Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

3.7.2 Share-based payment transactions of the acquiree in a business combination

When the share-based payment awards held by the employees of an acquiree (acquiree awards) are replaced by the Company's share-based payment awards (replacement awards), both the acquiree awards and the replacement awards are measured in accordance with Ind AS 102 ("market-based measure") at the acquisition date. The portion of the replacement awards that is included in measuring the consideration transferred in a business combination equals the market-based measure of the acquiree awards multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquiree award. The excess of the market-based measure of the replacement awards over the market-based measure of the acquiree awards included in measuring the consideration transferred is recognised as remuneration cost for post-combination service.

However, when the acquiree awards expire as a consequence of a business combination and the Company replaces those awards when it does not have an obligation to do so, the replacement awards are measured at their market-based measure in accordance with Ind AS 102. All of the market-based measure of the replacement awards is recognised as remuneration cost for post-combination service.

3.8 Taxation

Income tax expense represents the sum of current tax and deferred tax.

3.8.1 Current tax

Current tax is calculated based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the standalone statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.8.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set-off against future tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

Current and deferred tax are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.9 Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed to be different

and are as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

| | | |
|---------------------------|---|----------|
| Dies and punches | : | 4 years |
| Mobile phones | : | 3 years |
| Certain factory buildings | : | 18 years |

Freehold land is not depreciated.

Before April 1, 2019, assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives. After April 1, 2019, asset held under finance leases are depreciated as per Ind AS 116. Individual assets costing less than ₹5,000 are depreciated in full in the year of purchase.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit and loss.

Asset held for sale

The company categorises Non-current assets and liabilities as "held for sale", when there is a proposal/intention to sell an asset or group of assets in its present condition.

The assets held for sale are carried at cost or fair value less costs related to disposal, which ever is lower and are not subject to depreciation.

3.10 Investment property

Properties that is held for long-term rentals or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of the investment property is

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replaced, the carrying amount of the replaced part is derecognised.

Investment property are depreciated using the straight line method over their estimated useful lives. Investment properties generally have a useful life of 25-60 years. The useful life has been determined based on technical evaluation performed by the management's expert.

3.11 Intangible assets

3.11.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

3.11.2 Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the

expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in statement of profit and loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.11.3 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.11.4 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in statement of profit and loss when the asset is derecognised.

3.11.5 Useful lives of intangible assets

Intangible assets are amortised over their estimated useful life on straight line method as follows:

| | | |
|-------------------------|---|----------------------|
| Registration and Brands | : | 10 years to 25 years |
| Software Licenses | : | 5 years |

3.12 Impairment of assets

3.12.1 Impairment of financial assets:

The Company assesses at each date of balance sheet, whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the twelve-month expected credit losses or at an amount equal to the life time expected credit losses

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if the credit risk on the financial asset has increased significantly, since initial recognition.

3.12.2 Impairment of investment in subsidiaries and associates

The Company reviews its carrying value of investments in subsidiaries and associates at cost, annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

3.12.3 Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying

amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in statement of profit and loss.

3.13 Inventories

Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Cost is determined as follows:

Raw materials, packing materials and stores and spares: weighted average basis

Work-in progress: at material cost and an appropriate share of production overheads

Finished goods: material cost and an appropriate share of production overheads and excise duty, wherever applicable

Stock-in trade: weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

3.14 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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3.14.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

3.14.2 Contingent liabilities

Contingent liabilities are disclosed in notes when there is a possible obligation 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.

3.15 Financial instruments

3.15.1 Investment in subsidiaries and associates

The Company has accounted for its investments in subsidiaries and associates joint ventures at cost less impairment.

3.15.2 Other financial assets and financial liabilities

Other financial assets and financial liabilities are recognised when Company becomes a party to the contractual provisions of the instruments.

Initial recognition and measurement:

Other financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in statement of profit and loss.

Subsequent measurement:

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial

assets are held within business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it measured at amortised cost or fair value through other comprehensive income on initial recognition. The transaction cost directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in the statement of profit and loss.

Financial liabilities

Financial liabilities are measured at amortised cost using effective interest rate method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

3.15.3 Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue cost.

3.15.4 Financial guarantee contracts

The Company enters into financial guarantee contracts with its subsidiaries and associates. At the inception of a financial guarantee contract, a liability is recognised initially at fair value and then subsequently at the higher of the estimated loss and amortised cost, the changes in subsequent measurement being recognised in the Statement of Profit and Loss. Where a guarantee is issued for a consideration, a financial asset of an amount equal to the liability is initially recognised at amortised cost. Where a guarantee is issued for no consideration, the fair value is recognised as additional investment in the entity to which the guarantee relates.

3.15.5 Derivative financial instruments and hedge accounting

The Company uses various derivative financial instruments such as interest rate swaps, currency swaps and forward contracts to mitigate the risk of changes in interest rates and foreign exchange rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are also subsequently measured at fair value. Derivatives are carried as financial assets when the fair value

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is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Statement of Profit and Loss, except for the effective portion of cash flow hedges which is recognised in Other Comprehensive Income and later to the Statement of Profit and Loss when the hedged item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial assets or non-financial liability.

Hedges that meet the criteria for hedge accounting are accounted for as follows:

a) Cash flow hedge

The Company designates derivative contracts or non derivative financial assets / liabilities as hedging instruments to mitigate the risk of movement in interest rates and foreign exchange rates for foreign exchange exposure on highly probable future cash flows attributable to a recognised asset or liability or forecast cash transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in the cash flow hedging reserve being part of other comprehensive income. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognised in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the underlying transaction occurs. The cumulative gain or loss previously recognised in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the underlying transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified in the Statement of Profit and Loss.

b) Fair value hedge

The Company designates derivative contracts or non derivative financial assets / liabilities as hedging instruments to mitigate the risk of change in fair value of hedged item due to movement in interest rates, foreign exchange rates and commodity prices.

Changes in the fair value of hedging instruments and hedged items that are designated and qualify

as fair value hedges are recorded in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to Statement of Profit and Loss over the period of maturity.

3.16 Exceptional items

When an item of income or expense within profit or loss from ordinary activity is of such size, nature or incidence that their disclosure is relevant to explain the performance of the Company for the year, the nature and amount of such items is disclosed as exceptional items.

3.17 Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and on hand and short-term deposits with an original maturity of three months or less, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of our cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.18 Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented in case of share splits.

3.19 Standards / amendments not yet effective

Ministry of Corporate Affairs ('MCA') notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

Note No.04 Property, plant and equipment

| Particulars | Gross block | | | | Accumulated depreciation | | | Net block | | | | |
|-------------------------------|---------------------|---------------|--------------|---|--------------------------|----------------------|---------------------|---------------------------|--------------|-------------------|----------------------|----------------------|
| | As at April 1, 2019 | Additions | Disposals | Classified as held for sale (Refer note (vi) below) | Reclassification* | As at March 31, 2020 | As at April 1, 2019 | Depreciation for the year | Disposal | Reclassification* | As at March 31, 2020 | As at March 31, 2020 |
| Tangible assets: | | | | | | | | | | | | |
| Land: | | | | | | | | | | | | |
| - Freehold | 814.05 | - | - | 15.00 | - | 799.05 | - | - | - | - | - | 799.05 |
| - Leasehold | 845.36 | - | - | - | (31.31) | 814.05 | - | - | - | - | - | 814.05 |
| | 48.13 | - | - | - | - | 48.13 | - | - | - | - | - | 48.13 |
| | 48.13 | - | - | - | - | 48.13 | - | - | - | - | - | 48.13 |
| Buildings | 1,208.12 | 105.17 | - | - | 1,313.29 | 254.19 | 66.74 | - | - | - | 320.93 | 992.36 |
| | 1,207.19 | 153.46 | - | - | 1,208.12 | 228.88 | 55.10 | - | - | (29.79) | 254.19 | 953.93 |
| Plant and equipments | 3,728.56 | 462.95 | 24.44 | - | 4,167.07 | 1,399.89 | 426.48 | 11.34 | - | - | 1,815.03 | 2,352.04 |
| | 3,076.63 | 675.14 | 23.21 | - | 3,728.56 | 982.52 | 432.26 | 14.89 | - | - | 1,399.89 | 2,328.67 |
| Furniture and fixtures | 111.36 | 19.34 | 0.24 | - | 130.46 | 56.76 | 11.55 | 0.08 | - | - | 68.23 | 62.23 |
| | 107.76 | 3.60 | - | - | 111.36 | 46.28 | 10.48 | - | - | - | 56.76 | 54.60 |
| Vehicles | 27.11 | 10.55 | - | - | 37.66 | 11.94 | 3.49 | - | - | - | 15.43 | 22.23 |
| | 27.11 | - | - | - | 27.11 | 8.53 | 3.41 | - | - | - | 11.94 | 15.17 |
| Office equipments | 537.34 | 95.54 | 0.87 | - | 544.02 | 305.96 | 80.19 | 0.62 | - | (66.04) | 319.49 | 224.53 |
| | 487.69 | 51.12 | 1.47 | - | 537.34 | 208.58 | 98.17 | 0.79 | - | - | 305.96 | 231.38 |
| Total | 6,474.67 | 693.55 | 25.55 | 15.00 | (87.99) | 7,039.68 | 2,028.74 | 588.45 | 12.04 | (66.04) | 2,539.11 | 4,500.57 |
| Previous year | 5,799.87 | 883.32 | 24.68 | - | (183.84) | 6,474.67 | 1,474.79 | 599.42 | 15.68 | (29.79) | 2,028.74 | 4,445.93 |

* Represents reclassified to investment property and right-of-use assets (ROU). The asset to ROU has been reclassified as on April 1, 2019 pursuant to adoption of Ind AS 116 (refer note 5).

Notes:

(i) Figures in italics relate to previous year.

(ii) The above assets other than to the extent mentioned in notes (iii) below are owned by the Company.

(iii) In 2008, the Company had entered into a lease cum sale agreement with Karnataka Industrial Area Development Board ('KIADB') for purchase of land under a lease cum sale agreement. The Company is in the process of transferring the said land in its name.

(iv) Details of assets taken on finance lease

| Particulars | Gross block | | Net block | |
|-------------------|-----------------|----------------|-----------------|----------------|
| | March 31, 2020* | March 31, 2019 | March 31, 2020* | March 31, 2019 |
| Office equipments | - | 87.99 | - | 21.95 |
| Total | - | 87.99 | - | 21.95 |

*The asset is now disclosed in note 5, pursuant to adoption of Ind AS 116.

(v) Addition during the year includes capital expenditure towards research and development of ₹13.77 Million (as at March 31, 2019: ₹52.68 Million).

(vi) Properties, plant and equipment pledged as security towards borrowings by subsidiary and second pari passu charge towards working capital borrowings by the Company.

(vii) The Board of Directors in their meeting held on September 20, 2019 approved the sale and transfer of the company's freehold land worth ₹15 million to for sale consideration of ₹75 million. The sale deed is pending registration and accordingly the asset is classified as 'held for sale' in accordance with Ind AS.

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Note No.05 Leases

(i) Right-of-use assets

| Particulars | Gross block | | | Accumulated depreciation | | | Net block | | |
|-------------------|---|---|---------------|--------------------------|----------------------|---|---------------------------|----------------------|----------------------|
| | As at 01-Apr-20 (on adoption of Ind AS 116) | Reclassification* (on adoption of Ind AS 116) | Additions | De-recognition | As at March 31, 2020 | As at April 1, 2020 (on adoption of Ind AS 116) | Depreciation for the year | As at March 31, 2020 | As at March 31, 2020 |
| Buildings | 358.78 | - | 217.74 | 65.14 | 511.38 | - | 81.06 | 81.06 | 430.32 |
| Office equipments | - | 87.99 | - | - | 87.99 | 66.04 | 17.61 | 83.65 | 4.34 |
| Total | 358.78 | 87.99 | 217.74 | 65.14 | 599.37 | 66.04 | 98.67 | 164.71 | 434.66 |

* Reclassified from Property, plant and equipment as on April 1, 2019

(ii) Lease Liabilities

| Particulars | March 31, 2020 | March 31, 2019 |
|--------------|----------------|----------------|
| Current | 104.45 | 20.83 |
| Non-current | 385.21 | - |
| Total | 489.66 | 20.83 |

(iii) Amounts Recognised in the statement of Profit or Loss

| Particulars | March 31, 2020 | March 31, 2020 |
|---|----------------|----------------|
| Depreciation charge on Right-of-use asset | | 81.06 |
| Buildings | | 17.61 |
| Office equipment | | 98.67 |
| Interest expense (Included in finance cost) | | 35.71 |
| Other expenses relating to leases, not included in lease payments | | 18.43 |

(iv) Total cash outflow

| Particulars | March 31, 2020 |
|------------------|----------------|
| Buildings | 115.93 |
| Office equipment | 22.20 |
| Total | 138.13 |

Note No.06 Investment property

| Particulars | Gross block | | | Accumulated depreciation | | | Net block | | |
|---------------|---------------------|-----------|-----------|--------------------------|----------------------|---------------------|---------------------------|----------------------|----------------------|
| | As at April 1, 2019 | Additions | Disposals | Reclassification* | As at March 31, 2020 | As at April 1, 2019 | Depreciation for the year | As at March 31, 2020 | As at March 31, 2020 |
| Land | 147.27 | - | - | - | 147.27 | - | - | - | 147.27 |
| Building | 115.96 | - | - | 31.31 | 147.27 | - | - | - | 147.27 |
| | 812.97 | - | - | 152.53 | 812.97 | 191.44 | 45.23 | 236.67 | 576.30 |
| Total | 660.44 | - | - | 152.53 | 812.97 | 116.42 | 29.79 | 191.44 | 621.53 |
| Previous year | 960.24 | - | - | - | 960.24 | 191.44 | 45.23 | 236.67 | 723.57 |
| | 776.40 | - | - | 183.84 | 960.24 | 116.42 | 29.79 | 191.44 | 768.80 |

* Reclassified from Property, plant and equipment

Notes:

(i) Figures in italics relate to previous year.

(ii) Details of assets given under an operating lease

| Particulars | Gross block | | Net block | |
|---------------|----------------|----------------|----------------|----------------|
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| Freehold Land | 147.27 | 147.27 | 147.27 | 147.27 |
| Buildings | 812.97 | 812.97 | 576.30 | 621.53 |
| Total | 960.24 | 960.24 | 723.57 | 768.80 |

(iii) Fair value of investment properties

The fair value of the Company's investment properties as at March 31, 2020 has been arrived at ₹2,021 Million (as at March 31, 2019 : ₹2,021 Million) on the basis of a valuation carried out by independent valuers. The said valuers are registered with the authority which governs valuers in India and have appropriate qualifications and relevant experience in the valuation of properties in the relevant locations.

The inputs used are as follows:

- Monthly market rent, taking into account the differences in location, and individual factors, such as frontage and size, between the comparables and the property; and
- Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition.

(iv) Investment properties pledged as security towards borrowings by subsidiary and second pari passu charge towards working capital borrowings by the Company.

(v) Amounts recognised in profit or loss for investment properties

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Rental income | 73.85 | 73.91 |
| Depreciation | (45.23) | (45.23) |
| Profit from investment properties | 28.62 | 28.68 |

Notes

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Notes

forming part of the standalone financial statements for the year ended March 31, 2020

Note No.07 Other intangible assets

| Particulars | Gross block | | | Accumulated amortisations | | | Net block | | |
|-----------------------------|---------------------|---------------|--------------|---------------------------|---------------------|---------------------------|--------------|----------------------|----------------------|
| | As at April 1, 2019 | Additions | Disposals | As at March 31, 2020 | As at April 1, 2019 | Amortisation for the year | Disposals | As at March 31, 2020 | As at March 31, 2020 |
| - Internally generated: | | | | | | | | | |
| - Registrations and brands* | 298.48 | 98.69 | 36.91 | 360.26 | 130.66 | 54.58 | 17.30 | 167.94 | 192.32 |
| - Software and licenses | 290.66 | 47.80 | 39.98 | 298.48 | 98.74 | 59.98 | 28.06 | 130.66 | 167.82 |
| | 691.58 | 82.01 | 21.00 | 752.59 | 338.02 | 129.36 | 20.36 | 447.02 | 305.57 |
| | 675.23 | 16.35 | - | 691.58 | 212.63 | 125.39 | - | 338.02 | 353.56 |
| Total | 990.06 | 180.70 | 57.91 | 1,112.85 | 468.68 | 183.94 | 37.66 | 614.96 | 497.89 |
| Previous year | 965.89 | 64.15 | 39.98 | 990.06 | 311.37 | 185.37 | 28.06 | 468.68 | 521.38 |

*Additions represents product development expenditure capitalised during the year

Notes:

(i) Figures in italics relate to previous year.

Notes

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Note No.08 Investments

Investments consist of the following:

(i) Investments - Non-current

| Particulars | March 31, 2020 | March 31, 2019 |
|--|------------------|------------------|
| (A) Investments in subsidiaries: (Carried at cost) | | |
| Equity shares, unquoted | | |
| - 28,526,329 (As at March 31, 2019: 28,526,329) shares of GBP 1 each fully paid up in Strides Arcolab International Limited, UK | 4,467.74 | 4,467.74 |
| - 438,000 (As at March 31, 2019: 438,000) shares of US\$1 each fully paid up in Strides Pharma International Limited, Cyprus | 23.13 | 23.13 |
| - 142 (As at 31 March, 2019: 142) shares of SGD 1 each fully paid up in Strides Pharma Asia Pte Limited, Singapore | 11,476.68 | 11,476.68 |
| - 12,788,136 (As at March 31, 2019: 12,788,136) shares of CHF 1 each fully paid up in SVADS Holdings SA, Switzerland | 466.59 | 466.59 |
| - 10,000 (As at March 31, 2019: 10,000) shares of ₹ 10 each fully paid up in Arrow Remedies Private limited, India | 0.21 | 0.21 |
| - 1,040,000 (As at March 31, 2019: 1,040,000) shares of ₹ 10 each fully paid up in Fagris Medica Private Limited, India | 18.70 | 18.70 |
| Less: Provision for diminution in value of investments | (18.70) | (18.70) |
| - 160,000 (As at March 31, 2019: 160,000) shares of ₹ 10 each fully Paid up in Arcolab Private Limited, India | 1.60 | 1.60 |
| - 28,266,880 (As at March 31, 2019: 28,266,880) shares of ₹ 10 each fully paid up in Vivimed Life Sciences Private Limited, India (refer note (c) below) | 1,347.42 | 1,347.42 |
| Compulsorily Convertible Preference shares, unquoted | | |
| - 9,122 preference shares of GBP 1,000 each fully paid up in Strides Arcolab International Limited, UK | 854.78 | - |
| Total (A) | 18,638.15 | 17,783.37 |
| (B) Investments in associates: | | |
| Equity shares, unquoted (Carried at cost) | | |
| - 451,822 (As at March 31, 2019: 251,527) shares of ₹ 10 each fully paid up in Stelis Biopharma Private Limited, India (refer note (a) and (b) below) | 2,913.59 | 1,258.55 |
| - 1,000 (As at March 31, 2019: 1,000) shares of ₹ 100 each fully paid up in Strides Consumer Private Limited, India | 0.10 | 0.10 |
| Compulsorily Convertible Preference shares, unquoted (Carried at fair value through profit or loss) | | |
| - Nil (As at March 31, 2019: 90,766) shares of ₹ 10 each fully paid up in Stelis Biopharma Private Limited, India* | - | 750.00 |
| Compulsorily Convertible Preference shares, unquoted (Carried at cost) | | |
| - 1,538,615 (As at 31 March, 2019: 1,538,615) shares of ₹ 100 each fully paid up in Strides Consumer Private Limited, India (refer note (d) below) | 153.86 | 153.86 |
| Total (B) | 3,067.55 | 2,162.51 |
| Total [A+B] | 21,705.70 | 19,945.88 |
| Aggregate amount of unquoted investments | 21,705.70 | 19,945.88 |
| Aggregate amount of provision for diminution in value of investments | (18.70) | (18.70) |

*Converted into equity shares.

Refer Note 39 for disclosures with respect to section 186(4) of Companies Act, 2013. Refer note 44 for related party transactions.

Note:

- During the year, the Company invested ₹300 million in Compulsorily Convertible Preference Shares ('CCPS') of Stelis Biopharma Private Limited. The Company's Board approved a proposal to additionally invest an amount up to US\$40 million with an intent to raise its equity holding beyond 50% in the shares of Stelis over a period of 24 months. Pursuant to this, during the year, the Company has invested ₹605 Million (approx US\$8 million).
- 216,518 (As at March 31, 2019: 172,727) equity shares are pledged against borrowings taken by Stelis Biopharma Private Limited from a financial institution.

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- c) During the previous year, the Company acquired the balance 50% equity shares of Vivimed Life Sciences Private Limited from Vivimed Labs Limited. With effect from March 29, 2019, Vivimed Life Sciences Private Limited became wholly owned subsidiary of the Company.
- d) Strides Consumer Private Limited until March 31 2018 was a wholly owned subsidiary of the Company (Strides). During the previous year to meet its funding requirements, the Company entered into definitive agreements with India Lifescience Fund III, LLC (ILF) for investment in Consumer Healthcare (CHC) business. On December 19, 2018, ILF invested in Strides Global Consumer Healthcare Ltd, UK (Step down subsidiary of the Company) and Strides Consumer Private Limited, India consequent to which the Company ceded its control over the entities carrying out CHC business. However, the Company continues to exercise significant influence and has classified its investments in CHC business as "Investment in Associates".

During the previous year, the Company also converted the loan provided to Strides Consumer Private Limited amounting to ₹152.86 Million into Compulsorily Convertible Preference Shares as part of the above arrangement.

(ii) Investments - Current

| Particulars | ₹ in Million | |
|---|----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Quoted investments | | |
| Investment in mutual funds: | | |
| Investments measured at fair value through Profit and Loss: | | |
| - Reliance Floating Rate Fund - Short Term Plan - Growth Plan (Units As at March 31, 2020: Nil, March 31, 2019: 12,382,228.616) | - | 361.96 |
| - Reliance Money Market Fund- Direct Plan Daily Dividend Plan Dividend Reinvestment (Units As at March 31, 2020: Nil, March 31, 2019:202,389.652) | - | 203.00 |
| - IDFC Money Manager Fund - Direct Plan - Daily Dividend (Units As at March 31, 2020: Nil, March 31, 2019: 14,909,607.706) | - | 150.63 |
| - L&T Liquid Fund Direct Plan - Daily Dividend Reinvestment Plan (Units As at March 31, 2020: Nil, March 31, 2019: 5,606.49) | - | 5.68 |
| - SBI Premier Liquid Fund - Direct Plan - Daily dividend option (Units As at March 31, 2020: Nil, March 31, 2019: 3,614.50) | - | 3.63 |
| - ICICI Prudential Corporate bond fund- Direct Plan- Daily Dividend (Units As at March 31, 2020: Nil, March 31, 2019: 10,951,448.481) | - | 110.73 |
| - ICICI Prudential Money market fund- Direct Plan- Daily Dividend (Units As at March 31, 2020: Nil, March 31, 2019: 3,548,020.85) | - | 355.62 |
| - ICICI Prudential Banking and PSU Debt Fund - Direct Plan - Daily Dividend (Units As at March 31, 2020: Nil, March 31, 2019: 4,389,269.791) | - | 46.47 |
| - Yes Liquid Fund- Direct Plan- Daily Dividend (Units As at March 31, 2020: Nil, March 31, 2019: 151,403.14) | - | 151.55 |
| - Aditya Birla Sun life Money Manager Fund - Daily Dividend - Direct Plan (Units As at March 31, 2020: Nil, March 31, 2019:1,531,756.841) | - | 153.59 |
| Total | - | 1,542.86 |

The market value of quoted investments is equal to the carrying value and are highly liquid investments

Note No.09 Loans receivable

Loans consist of the following:

(i) Long-term loans receivable

| Particulars | ₹ in Million | |
|------------------------------------|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Unsecured, Considered good: | | |
| Security deposits * | 204.85 | 138.20 |
| Loans to: | | |
| - Related parties (Refer note 44) | 755.80 | 777.92 |
| Total | 960.65 | 916.12 |

* Includes security deposit given to related parties (Refer note 44)

Notes

forming part of the standalone financial statements for the year ended March 31, 2020

(ii) Short-term loans receivable

| Particulars | ₹ in Million | |
|------------------------------------|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Unsecured, Considered good: | | |
| Loans to: | | |
| - Employees | 23.97 | 26.00 |
| - Related parties (Refer note 44) | 747.64 | 250.00 |
| Total | 771.61 | 276.00 |

Note No.10 Other financial assets

Other financial assets consist of the following:

(i) Non-current financial assets

| Particulars | ₹ in Million | |
|---|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Application money paid towards securities to associate | | |
| - Stelis Biopharma Private Limited | 25.00 | - |
| Fixed deposits with banks | 6.66 | - |
| Total | 31.66 | - |

(ii) Current financial assets

| Particulars | ₹ in Million | |
|---|----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Unsecured, considered good: | | |
| Receivables from related parties (Refer note 44) | 283.07 | 46.16 |
| Interest accrued on deposit | 20.25 | 20.25 |
| Interest accrued on loans and advances given (Refer note 44) | 149.43 | 50.12 |
| Derivative asset | 6.28 | 190.20 |
| Others: | | |
| - Receivable towards sale of investment in subsidiaries (Refer note 44) | - | 551.00 |
| - Dividend receivable from subsidiaries (Refer note 44) | - | 256.39 |
| - Gratuity claim receivables | 8.99 | 7.37 |
| - Others | 4.22 | 5.99 |
| Total | 472.24 | 1,127.48 |

Note No.11 Deferred tax balances

| Particulars | ₹ in Million | |
|----------------------------|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Deferred tax assets | 1,213.72 | 1,247.45 |
| Deferred tax liabilities | (403.36) | (446.23) |
| Deferred tax assets | 810.36 | 801.22 |

Notes

forming part of the standalone financial statements for the year ended March 31, 2020

| 2019-2020 | Opening balance | Recognised in equity | Recognised in statement of profit and loss | Recognised in other comprehensive income | Closing balance |
|--|-----------------|----------------------|--|--|-----------------|
| Deferred tax (liabilities)/assets in relation to: | | | | | |
| Cash flow hedges | (66.42) | - | - | 180.52 | 114.10 |
| Property, plant and equipment and Intangible assets | (375.11) | - | (28.25) | - | (403.36) |
| FVTPL financial assets | (4.70) | - | 4.70 | - | - |
| Defined benefit obligation | 45.00 | - | 20.83 | 11.41 | 77.24 |
| Provision for employee benefits | 149.27 | - | (35.86) | - | 113.41 |
| Merger related expenses | 13.39 | - | (9.46) | - | 3.93 |
| Leases | - | 20.93 | (1.70) | - | 19.23 |
| Others | 48.70 | - | (0.19) | - | 48.51 |
| | (189.87) | 20.93 | (49.93) | 191.93 | (26.94) |
| MAT Credit entitlement | 989.93 | - | (152.63) | - | 837.30 |
| Tax losses | 1.16 | - | (1.16) | - | - |
| Total | 801.22 | 20.93 | (203.72) | 191.93 | 810.36 |

| 2018-2019 | Opening balance | Acquisitions/disposals | Recognised in statement of profit and loss | Recognised in other comprehensive income | Closing balance |
|--|-----------------|------------------------|--|--|-----------------|
| Deferred tax (liabilities)/assets in relation to: | | | | | |
| Cash flow hedges | (13.79) | - | - | (52.63) | (66.42) |
| Property, plant and equipment and Intangible assets | (433.98) | - | 58.87 | - | (375.11) |
| FVTPL financial assets | (14.47) | - | 9.77 | - | (4.70) |
| Defined benefit obligation | 48.96 | - | (7.14) | 3.18 | 45.00 |
| Provision for employee benefits | 114.78 | - | 34.49 | - | 149.27 |
| Merger related expenses | 24.16 | - | (10.77) | - | 13.39 |
| Others | 59.97 | 49.96 | (61.23) | - | 48.70 |
| | (214.37) | 49.96 | 23.99 | (49.45) | (189.87) |
| MAT Credit entitlement | 749.46 | - | 240.47 | - | 989.93 |
| Tax losses | - | - | 1.16 | - | 1.16 |
| Total | 535.09 | 49.96 | 265.62 | (49.45) | 801.22 |

Under the Indian Income Tax Act, 1961, the Company is liable to pay Minimum Alternate Tax (MAT). MAT paid can be carried forward for a certain period and can be set off against the future tax liabilities. MAT is recognised as deferred tax asset only when the asset can be measured reliably and it is probable that the future economic benefits associated with the asset will be realised.

Note No.12 Income tax assets (net)

The income tax assets consists of the following:

(i) Non-current income tax assets

| Particulars | ₹ in Million | |
|--|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Advance income tax (net of provisions) | 690.12 | 451.97 |
| Taxes paid under protest | 593.77 | 709.34 |
| Total | 1,283.89 | 1,161.31 |

Notes

forming part of the standalone financial statements for the year ended March 31, 2020

Note No.13 Other assets

Other assets (unsecured) consist of the following:

(i) Other non-current assets

| Particulars | ₹ in Million | |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Considered good: | | |
| - Capital advances | 53.71 | 155.25 |
| - Prepaid expenses | 49.59 | 2.04 |
| - Lease equalisation asset | 13.55 | 19.01 |
| Balances with Government authorities: | | |
| - VAT credit / refund receivable | 1.36 | 1.36 |
| - Indirect taxes paid under protest | 24.42 | 24.42 |
| Others: | | |
| - Receivable from KIADB | 4.79 | 4.79 |
| Total | 147.42 | 206.87 |

(ii) Other current assets

| Particulars | ₹ in Million | |
|---|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Considered good: | | |
| Advances to suppliers | 178.53 | 224.07 |
| Advances to employees | 3.08 | 0.20 |
| Advances to related parties (refer note 44) | 19.95 | 84.58 |
| Advances to others | 10.53 | 25.51 |
| Prepaid expenses | 164.32 | 168.57 |
| Incentives receivables | 204.09 | 199.19 |
| Balances with Government authorities | 581.16 | 620.26 |
| Total | 1,161.66 | 1,322.38 |

Note No.14 Inventories*

| Particulars | ₹ in Million | |
|---|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Raw materials (including goods in transit) | | |
| Work-in-progress | 454.40 | 468.60 |
| Finished goods | 634.95 | 625.53 |
| Stock-in-trade | 10.57 | 17.62 |
| Stores and spares | 166.37 | 133.43 |
| Total | 4,448.59 | 4,733.41 |

* Refer note 3.13 for mode of valuation of inventories.

Note No.15 Trade receivables

| Particulars | ₹ in Million | |
|---------------------------------|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Unsecured | | |
| Considered good* | 6,614.59 | 5,825.60 |
| Credit impaired | 170.65 | 92.23 |
| | 6,785.24 | 5,917.83 |
| Less: Allowance for credit loss | (170.65) | (92.23) |
| Total | 6,614.59 | 5,825.60 |

*Includes receivables from related parties (Refer note 44)

Notes

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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.

Movement in expected credit loss allowance

| Particulars | ₹ in Million | |
|---|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Balance at the beginning of the year | 92.23 | 173.22 |
| Written off during the year | (19.79) | (130.99) |
| Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses | 98.21 | 50.00 |
| Balance at end of the year | 170.65 | 92.23 |

The Company has availed bill discounting facilities from the banks which do not meet the derecognition criteria for transfer of contractual rights to receive cash flows from the respective trade receivables since they are with recourse to the Company. Accordingly as at March 31, 2020, trade receivables balances include ₹1,086.50 Million (As at March 31, 2019: ₹296.81 Million) and the corresponding financial liability to the banks is included as part of working capital loan under short-term borrowings.

Note No.16 Cash and cash equivalents

| Particulars | ₹ in Million | |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Cash on hand | 1.71 | 1.31 |
| Balances with banks: | | |
| - In current accounts | 308.18 | 373.65 |
| - In EEFC accounts | 7.32 | - |
| - In Escrow account | - | 2.00 |
| - In deposit accounts (Original maturity less than 3 months) | 250.71 | 37.43 |
| - Funds-in-transit | 88.41 | 280.34 |
| Total | 656.33 | 694.73 |

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 have not been made since the requirement does not pertain to financial year ended 31 March 2020.

Note No.17 Other balances with banks

| Particulars | ₹ in Million | |
|--|----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| - In deposit accounts (Original maturity more than 3 months but less than 12 months) | 347.99 | 1,018.75 |
| In earmarked accounts: | | |
| - Unpaid dividend accounts | 59.82 | 56.28 |
| - Unpaid shares accounts | 0.33 | 0.33 |
| - Group gratuity accounts | 1.26 | 1.26 |
| - Balance held as margin money against working capital facilities with banks | 18.61 | 36.78 |
| Total | 428.01 | 1,113.40 |

Notes

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Note No.18 Equity share capital

| Particulars | ₹ in Million | |
|--|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Authorised | | |
| 176,750,000 equity shares of ₹ 10/- each with voting rights (March 31, 2019: 176,750,000 Equity shares of ₹ 10/- each) | 1,767.50 | 1,767.50 |
| | 1,767.50 | 1,767.50 |
| Issued, subscribed and fully paid-up | | |
| 89,565,464 equity shares of ₹ 10/- each with voting rights (March 31, 2019: 89,549,476 equity shares of ₹ 10/- each) | 895.65 | 895.49 |
| Total | 895.65 | 895.49 |

(i) Reconciliation of number of shares and amount outstanding

| Particulars | March 31, 2020 | | March 31, 2019 | |
|--|-------------------|---------------|-------------------|---------------|
| | No. of shares | ₹ in Million | No. of shares | ₹ in Million |
| Equity share capital | | | | |
| Equity share of ₹ 10/- each | | | | |
| Balance at the beginning of the year | 89,549,476 | 895.49 | 89,500,035 | 895.00 |
| Changes in equity share capital during the year | | | | |
| - Shares issued pursuant to exercise of stock options (Refer note 42) | 15,988 | 0.16 | 49,441 | 0.49 |
| Balance at the end of the year | 89,565,464 | 895.65 | 89,549,476 | 895.49 |

(ii) Detail of the rights, preferences and restrictions attaching to each class of shares outstanding equity shares of ₹10/- each:

The Company has only one class of equity shares, having a par value of ₹10/-. The holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the board of directors is subject to approval by the shareholders at the ensuing annual general meeting. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution to all preferential amounts. The distribution will be in proportion to number of equity shares held by the shareholders.

(iii) Details of equity shares held by each shareholder holding more than 5% of equity shares:

| Particulars | March 31, 2020 | | March 31, 2019 | |
|--|----------------|--------|----------------|--------|
| | No. of shares | % | No. of shares | % |
| Pronomz Ventures LLP | 12,665,000 | 14.14% | 12,665,000 | 14.14% |
| SBI Long Term Equity Fund | 6,808,080 | 7.60% | 8,656,213 | 9.67% |
| Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Pharma & Healthcare Fund | 5,550,388 | 6.20% | 6,092,000 | 6.80% |

(iv) Details of equity shares of ₹10/- each reserved for issuance:

| Particulars | ₹ in Million | |
|---|------------------|------------------|
| | March 31, 2020 | March 31, 2019 |
| Towards employee stock options under the various Strides stock option plans (Refer note 42) | 2,543,000 | 2,522,500 |

(v) Buy back of shares, issue of bonus shares and shares allotted as fully paid up pursuant to contract(s) without payment being received in cash.

There have been no buy back of shares, issue of shares by way of bonus shares or issue of shares pursuant to contract without payment being received in cash for the period of five years immediately preceding the Balance sheet date.

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Note No.19 Other equity

| Particulars | Note | ₹ in Million | |
|---|-----------------|------------------|------------------|
| | | March 31, 2020 | March 31, 2019 |
| (A) Share application money pending allotment | 19 (A) | - | - |
| (B) Reserves and Surplus | | | |
| i) Capital reserve | 19 (B) (i) | 123.67 | 123.67 |
| ii) Securities premium account | | | |
| Securities premium | 19 (B) (ii) (a) | 17,008.37 | 17,000.81 |
| Reserve for Business Restructure (BRR) | 19 (B) (ii) (b) | 3,846.38 | 3,846.38 |
| iii) Capital redemption reserve | 19 (B) (iii) | 601.61 | 601.61 |
| iv) Share options outstanding account | 19 (B) (iv) | 57.24 | 75.70 |
| v) General reserve | 19 (B) (v) | 3,875.79 | 3,842.72 |
| vi) Retained earnings | 19 (B) (vi) | 5,675.86 | 6,160.83 |
| (C) Items of other comprehensive income | | | |
| i) Effective portion of cash flow hedge | 19 (C) (i) | (212.44) | 123.64 |
| ii) Remeasurement of the defined benefit liabilities / (assets) | 19 (C) (ii) | (120.44) | (102.87) |
| Total | | 30,856.04 | 31,672.49 |

| Particulars | ₹ in Million | |
|---|------------------|------------------|
| | March 31, 2020 | March 31, 2019 |
| (A) Share application money pending allotment | | |
| Opening balance | - | 1.44 |
| Add: Received during the year | - | - |
| Less: Shares allotted during the year | - | (1.44) |
| Closing balance (A) | - | - |
| (B) Reserves and surplus | | |
| (i) Capital reserve | | |
| Opening balance | 123.67 | 123.67 |
| Add: Movement during the year | - | - |
| Closing balance | 123.67 | 123.67 |
| (ii) Securities premium account | | |
| (a) Securities premium | | |
| Opening balance | 17,000.81 | 16,969.42 |
| Add: Premium on shares issued during the year (Refer note 42) | 7.56 | 31.39 |
| Closing balance | 17,008.37 | 17,000.81 |
| (b) Reserve for Business Restructure (BRR) | | |
| Opening balance | 3,846.38 | 3,846.38 |
| Add: Movement during the year | - | - |
| Closing balance | 3,846.38 | 3,846.38 |
| Total Securities premium | 20,854.75 | 20,847.19 |
| (iii) Capital redemption reserve | | |
| Opening balance | 601.61 | 601.61 |
| Add: Movement during the year | - | - |
| Closing balance | 601.61 | 601.61 |
| (iv) Share options outstanding account (Refer notes 42) | | |
| Opening balance | 75.70 | 89.21 |
| Add: Employee stock compensation expenses (including amounts cross charged to subsidiary) | 17.53 | 9.20 |
| Less: Transferred to securities premium account on exercise (net) | (2.92) | (16.43) |
| Less: Transferred to general reserve on lapse | (33.07) | (6.28) |
| Closing balance | 57.24 | 75.70 |

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| Particulars | ₹ in Million | |
|---|------------------|------------------|
| | March 31, 2020 | March 31, 2019 |
| (v) General reserve | | |
| Opening balance | 3,842.72 | 3,836.44 |
| Add: Movement during the year | 33.07 | 6.28 |
| Closing balance | 3,875.79 | 3,842.72 |
| (vi) Retained earnings | | |
| Opening balance | 6,160.83 | 5,329.29 |
| Adjustments pursuant to adoption of Ind AS 116/115, (net of tax) | (38.95) | (93.03) |
| Adjusted opening balance | 6,121.88 | 5,236.26 |
| Add: Profit for the year | 1,116.99 | 1,103.67 |
| Less: Dividend on equity shares including taxes | (1,563.01) | (179.10) |
| Closing balance | 5,675.86 | 6,160.83 |
| Total Reserves and surplus (B) | 31,188.92 | 31,651.72 |
| (C) Items of other comprehensive income | | |
| (i) Effective portion of cash flow hedge | | |
| Opening balance | 123.64 | 26.04 |
| Add / (less): Movement during the year | (516.60) | 150.23 |
| Add / (less): Tax impact on above | 180.52 | (52.63) |
| Closing balance | (212.44) | 123.64 |
| (ii) Remeasurement of the defined benefit liabilities / (assets) (Refer note 43) | | |
| Opening balance | (102.87) | (98.34) |
| Add / (less): Movement during the year | (28.98) | (7.71) |
| Add / (less): Tax impact on above | 11.41 | 3.18 |
| Closing balance | (120.44) | (102.87) |
| Total items of other comprehensive income (C) | (332.88) | 20.77 |
| Other equity [(A) + (B) + (C)] | 30,856.04 | 31,672.49 |

Nature and purpose of other reserve

- Capital reserve**
Capital reserve was created in the earlier years on account of FCCB's, Mergers and acquisitions and Demergers. It is utilised in accordance with the provisions of the Companies Act, 2013.
- Securities premium**
Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.
- Reserve for Business Restructure**
The Scheme of restructuring approved by the shareholders on April 13, 2009 included a Scheme of Arrangement that envisaged the creation of a Reserve for Business Restructure(BRR) as set out in the Scheme. The Reserve was to be utilised by December 31, 2012 for specified purposes by either the Company or its subsidiaries. The balance of ₹3,846.38 Million identified under the Securities Premium Account represents amounts utilised by the subsidiaries of the Company from the Reserve prior to December 31, 2012 and have been earmarked for set off on consolidation.
- Capital redemption reserve**
Capital redemption reserve is a statutory, non-distributable reserve into which the amounts are transferred following the redemption or purchase of Company's own shares. It is utilised in accordance with the provisions of the Companies Act, 2013.
- Share options outstanding account**
The fair value of the equity-settled share based payment transactions with employees is recognised in statement of profit and loss with corresponding credit to employee stock options outstanding account. The amount of cost recognised is transferred to share premium on exercise of the related stock options.

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(f) General reserve

General reserves are the retained earnings of a Company which are apportioned out of Company's profits. General reserve is a free reserve which can be utilised for any purpose after fulfilling certain conditions in accordance with the provisions of the Companies Act, 2013.

(g) Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to other reserves, dividends or other distributions paid to its equity shareholders.

(h) Cash flow hedging reserve

The cash flow hedging reserve represents the cumulative effective portion of gains or losses (net of taxes, if any) arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges.

(i) Remeasurement of the defined benefit liabilities / (asset)

The cumulative balances of actuarial gain or loss arising on remeasurements of defined benefit plan is accumulated and recognised with in this component of other comprehensive income. Items included in actuarial gain or loss reserve will not be reclassified subsequently to statement of profit and loss.

Note No.20 Borrowings

Borrowings consist of the following:

(i) Non-current borrowings

| Particulars | ₹ in Million | |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Secured | | |
| - Term loans from banks (Refer note (i) below) | - | 1.52 |
| Total | - | 1.52 |

| Details of security and terms of repayment for the non-current borrowings: | ₹ in Million | |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| (i) Term loans from banks: Loan 1 | | |
| Long-term loan | - | 1.52 |
| Current maturities of long-term loan | 1.52 | 2.11 |
| Security: Hypothecation of assets procured from the term loans. | | |
| Rate of interest: 9.2% p.a to 9.3% p.a. | | |
| Repayment varies between 36 to 48 monthly instalments. The outstanding term as at March 31, 2020 is 8 instalments. | | |
| Total | 1.52 | 3.62 |

| Particulars | ₹ in Million | |
|---|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Disclosed under long term borrowings | - | 1.52 |
| Disclosed under other current financial liabilities : | | |
| - Current maturities of long-term loans | 1.52 | 2.11 |
| Total | 1.52 | 3.62 |

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(ii) Current borrowings

| Particulars | ₹ in Million | |
|--|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Current | | |
| Secured loans repayable on demand from banks: (Refer note below) | | |
| - Working capital loans | 8,524.55 | 8,087.98 |
| Total | 8,524.55 | 8,087.98 |

Note:

Details of security for the secured loans repayable on demand: Working capital and short term loans from banks are secured by first pari passu charge over current assets of the Company and second pari passu charge on movable and immovable fixed assets of the Company (other than land and building situated at Navi Mumbai and Hosur).

Rate of interest ranges from 3.45% to 11.25%.

Net debt reconciliation

| Particulars | ₹ in Million | |
|--|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Non-current borrowings | - | 1.52 |
| Current borrowings | 8,524.55 | 8,087.98 |
| Current maturities of non-current borrowings | 1.52 | 2.11 |
| Less: | | |
| Cash and cash equivalents | 656.33 | 694.73 |
| Balances in deposit accounts (Refer note 17) | 347.99 | 1,018.75 |
| Current investments (highly liquid) | - | 1,542.86 |
| Fixed deposit with bank - non current (Refer note 10(i)) | 6.66 | - |
| Net debt | 7,515.09 | 4,835.27 |

| Reconciliation | Cash and cash equivalents | Balances in deposit accounts (including non current) | Current investments | Non Current borrowings (including current maturities) | Current borrowings | Net Debt |
|------------------------------|---------------------------|--|---------------------|---|--------------------|-----------------|
| As on April 1, 2019 | 694.73 | 1,018.75 | 1,542.86 | 3.63 | 8,087.98 | 4,835.27 |
| Cash flows | (38.40) | (664.10) | (1,557.47) | - | 187.83 | 2,447.80 |
| Repayments | - | - | - | (2.11) | - | (2.11) |
| Foreign Exchange Fluctuation | - | - | - | - | 248.74 | 248.74 |
| Others | - | - | 14.61 | - | - | (14.61) |
| As on March 31, 2020 | 656.33 | 354.65 | - | 1.52 | 8,524.55 | 7,515.09 |

Notes

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Note No.21 Other financial liabilities

Other financial liabilities consist of the following:

(i) Other non-current financial liabilities

| Particulars | ₹ in Million | |
|--------------------|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Security deposits* | 36.90 | 33.38 |
| Total | 36.90 | 33.38 |

*Includes security deposit received from related party (Refer note 44)

(ii) Other current financial liabilities

| Particulars | ₹ in Million | |
|---|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Current maturities of long-term loans from banks (Refer note 20(i) above) | 1.52 | 2.11 |
| Interest accrued but not due on borrowings | 39.23 | - |
| Unclaimed dividends* | 59.84 | 56.28 |
| Mark to market loss on derivative instruments | 332.83 | 0.15 |
| Other payables: | | |
| - Payables to employees under incentive plan | - | 43.18 |
| - Payable to subsidiary (Refer note 44) | 27.50 | 76.94 |
| - Payables on purchase of property, plant and equipment and intangible assets | 150.66 | 19.00 |
| - Payables on purchase of investment in subsidiary | - | 40.51 |
| - Others | 0.33 | 0.33 |
| Total | 611.91 | 238.50 |

*Investor Education and Protection Fund shall be credited when due.

Note No.22 Provisions

Provisions consist of the following:

(i) Non-current provisions

| Particulars | ₹ in Million | |
|---|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Provision for employee benefits: | | |
| Gratuity (Refer note 43) | 197.46 | 128.78 |
| Total | 197.46 | 128.78 |

(ii) Current provisions

| Particulars | ₹ in Million | |
|---|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Provision for sales return | 12.10 | 47.10 |
| Provision for employee benefits: | | |
| - Compensated absences | 175.74 | 165.98 |
| Total | 187.84 | 213.08 |

| Movement in provisions (2019-20) | Sales return | Gratuity | Compensated absences | Total |
|--|--------------|---------------|----------------------|---------------|
| Opening balance | 47.10 | 128.78 | 165.98 | 341.86 |
| Provision recognised/ (utilised) during the year | (35.00) | 68.68 | 9.76 | 43.44 |
| Closing balance | 12.10 | 197.46 | 175.74 | 385.30 |

Notes

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| Movement in provisions (2018-19) | Sales return | Gratuity | Compensated absences | Total |
|--|--------------|---------------|----------------------|---------------|
| Opening balance | 90.00 | 133.21 | 178.36 | 401.57 |
| Provision recognised/ (utilised) during the year | (42.90) | (4.43) | (12.38) | (59.71) |
| Closing balance | 47.10 | 128.78 | 165.98 | 341.86 |

Note No.23 Other liabilities

Other liabilities consist of the following:

(i) Other non-current liabilities

| Particulars | ₹ in Million | |
|------------------------|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Prepaid rent liability | 3.38 | 6.38 |
| Total | 3.38 | 6.38 |

(ii) Other current liabilities

| Particulars | ₹ in Million | |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Other payables: | | |
| - Advance from customers | 31.57 | 118.40 |
| - Advance received for sale of property, plant and equipment | 72.17 | 50.17 |
| - Statutory liabilities | 94.71 | 65.66 |
| - Others | 9.56 | - |
| Total | 208.01 | 234.23 |

Note No.24 Trade payables

| Particulars | ₹ in Million | |
|---|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| - Total outstanding dues of micro enterprises and small enterprises (Refer note (i) below) | 148.51 | 57.36 |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises* | 4,592.58 | 5,036.65 |
| Total | 4,741.09 | 5,094.01 |

* Includes dues to related party (Refer note 44)

(i) **Disclosure required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**
There are no material dues owed by the Company to Micro and Small enterprises, which are outstanding for more than 45 days during the year and as at 31 March 2020. This information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and has been relied upon by the auditors.

Notes

forming part of the standalone financial statements for the year ended March 31, 2020

| Particulars | ₹ in Million | |
|---|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| (i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each year | | |
| - Principal amount due to micro and small enterprises | 148.51 | 57.36 |
| - Interest due on the above | 9.54 | |
| (ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year. | - | - |
| (iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006 | - | - |
| (iv) The amount of interest accrued and remaining un-paid at the end of each accounting year. | 9.54 | - |
| (v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purposes of disallowance as a deductible expenditure under the MSMED Act, 2006 | 9.54 | - |

The above disclosures are provided by the Company based on the information available with the Company in respect of the registration status of its vendors/suppliers.

All trade payables are current. The Company's exposure to currency and liquidity risks related to trade payables is disclosed in Note 47.

Note No.25 Current tax liabilities (net)

| Particulars | ₹ in Million | |
|---|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Provision for income tax (net of advance tax) | - | 1.30 |
| Total | - | 1.30 |

Note No.26 Revenue from operations

A. Revenue Streams

The Company is primarily involved into development and manufacture of pharmaceutical products. Other operating revenue include support service, royalty income and export incentives.

| Particulars | ₹ in Million | |
|--|------------------|------------------|
| | March 31, 2020 | March 31, 2019 |
| Sale of products * | 15,242.66 | 13,564.32 |
| Sale of services (Refer note (i) below) | 95.14 | 295.84 |
| Other operating revenues (Refer note (ii) below) | 1,403.69 | 1,514.22 |
| Total | 16,741.49 | 15,374.38 |

* Includes revenue from related parties (refer note 44).

Notes

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B. Disaggregated revenue information

In the following table, revenue from contracts with customers is disaggregated by primary geographical market

| Revenue from contracts with customers | ₹ in Million | |
|---------------------------------------|------------------|------------------|
| | March 31, 2020 | March 31, 2019 |
| Africa | 342.41 | 683.65 |
| Australia | 419.41 | 389.61 |
| Asia | 8,579.22 | 5,821.19 |
| North America | 2,492.41 | 4,553.04 |
| Europe | 2,584.55 | 1,663.47 |
| India | 912.35 | 722.24 |
| Others | 7.45 | 26.96 |
| Subtotal | 15,337.80 | 13,860.16 |
| Revenue from other sources | | |
| Other operating revenue | 1,403.69 | 1,514.22 |
| Subtotal | 1,403.69 | 1,514.22 |
| Total | 16,741.49 | 15,374.38 |

Geographical revenue is allocated based on the location of the customers.

(i) Sale of services comprises:

| Particulars | ₹ in Million | |
|--------------------|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Development income | 50.30 | 116.41 |
| Licensing fees | 11.34 | 5.39 |
| Others | 33.50 | 174.04 |
| Total | 95.14 | 295.84 |

(ii) Other operating revenue comprises:

| Particulars | ₹ in Million | |
|--|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Sale of intellectual property rights (refer note 44) | 754.41 | 819.43 |
| Royalty income* | 247.28 | 234.90 |
| Export incentives | 331.17 | 303.99 |
| Support service income (refer note 44) | 59.80 | 144.99 |
| Others | 11.03 | 10.91 |
| Total | 1,403.69 | 1,514.22 |

* Includes income from related parties (refer note 44).

Notes

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Note No.27 Other income

| Particulars | ₹ in Million | |
|---|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Interest income (refer note (i) below) | 235.14 | 193.79 |
| Income from current investment | 39.74 | 84.30 |
| Dividend from subsidiaries (refer note 44) | 137.87 | 254.99 |
| Rental income from operating leases* | 105.63 | 84.15 |
| Other non-operating income | | |
| - Guarantee commission (refer note 44) | 440.98 | 528.72 |
| - Liabilities no longer required written back | 40.51 | - |
| - Others | 1.77 | 0.10 |
| Total | 1,001.64 | 1,146.05 |

* Includes income from related parties refer note 44.

Note:

(i) Interest income comprises:

| Particulars | ₹ in Million | |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Interest from banks on deposits | 46.04 | 22.48 |
| Interest on loans and advances (refer note 44) | 135.06 | 83.96 |
| Interest from others | 54.04 | 87.35 |
| Total | 235.14 | 193.79 |

Note No.28 Changes in inventories of finished goods, work-in-progress and stock-in-trade

| Particulars | ₹ in Million | |
|--|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Inventories at the end of the year: | | |
| - Finished goods | 634.95 | 625.53 |
| - Work-in-progress | 454.40 | 468.60 |
| - Stock-in-trade | 10.57 | 17.62 |
| | 1,099.92 | 1,111.75 |
| Inventories at the beginning of the year: | | |
| - Finished goods | 625.53 | 395.96 |
| - Work-in-progress | 468.60 | 256.07 |
| - Stock-in-trade | 17.62 | 4.55 |
| | 1,111.75 | 656.58 |
| Net (increase) / decrease | 11.83 | (455.17) |

Notes

forming part of the standalone financial statements for the year ended March 31, 2020

Note No.29 Employee benefits expense

| Particulars | ₹ in Million | |
|--|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Salaries, wages and bonus | 1,879.82 | 1,922.81 |
| Contributions to provident and other funds (Refer note 43) | 154.02 | 164.13 |
| Share based compensation expense (Refer note 42) | 15.87 | 8.97 |
| Staff welfare expenses | 167.97 | 136.21 |
| Total | 2,217.68 | 2,232.12 |

Note No.30 Finance costs

| Particulars | ₹ in Million | |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Interest on borrowings | 588.29 | 506.60 |
| Interest on operating lease liabilities (refer note 5) | 35.71 | - |
| Other finance costs | 43.13 | 34.32 |
| Total | 667.13 | 540.92 |

Note No.31 Depreciation and amortisation expense

| Particulars | ₹ in Million | |
|---|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Depreciation on property, plant and equipment | 588.45 | 599.42 |
| Depreciation on Right-of-use asset | 98.67 | - |
| Depreciation on investment property | 45.23 | 45.23 |
| Amortisation on intangible asset | 183.94 | 185.37 |
| Total | 916.29 | 830.02 |

Note No.32 Other expenses

| Particulars | ₹ in Million | |
|---|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Subcontracting charges | 182.85 | 145.35 |
| Power, fuel and water charges | 424.59 | 397.68 |
| Rent (Refer note 5) | 18.43 | 142.23 |
| Repairs and maintenance: | | |
| - Buildings | 42.98 | 15.94 |
| - Machinery | 378.97 | 252.03 |
| - Others | 107.25 | 87.62 |
| Insurance | 61.50 | 27.43 |
| Rates and taxes | 59.83 | 95.41 |
| Communication expense | 49.45 | 52.51 |
| Travelling and conveyance | 84.00 | 84.08 |
| Printing and stationery | 24.65 | 24.33 |
| Carriage, freight and forwarding | 195.61 | 179.88 |
| Sales commission | 7.82 | 50.43 |
| Business promotion | 14.50 | 13.65 |
| Royalty expenses | 13.56 | - |
| Donations and contributions | 0.01 | 3.50 |
| Expenditure on Corporate Social Responsibility (Refer note (i) below) | 23.27 | 25.84 |

Notes

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| Particulars | ₹ in Million | |
|--|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Support service expenses (refer note 44) | 457.06 | 115.96 |
| Legal and professional fees | 405.67 | 300.15 |
| Payments to auditors (Refer note (ii) below) | 20.16 | 23.76 |
| Bad debts written off / provision for doubtful trade and other receivables | 98.21 | 57.67 |
| Loss on sale of property, plant and equipment and intangibles | 1.40 | 0.47 |
| Consumption of stores and spares | 419.10 | 259.07 |
| Research and development expenses | 219.46 | 335.24 |
| Miscellaneous expenses | 81.19 | 108.07 |
| Total | 3,391.52 | 2,798.30 |

Note:

(i) Expenditure on Corporate Social Responsibility:

| Particulars | ₹ in Million | |
|---|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| (a) Gross amount required to be spent during the year | 21.80 | 24.11 |
| (b) Amount spent during the year on : | | |
| (i) Construction / acquisition of any asset | - | - |
| (ii) On purpose other than (i) above | 23.27 | 25.84 |
| Total | 23.27 | 25.84 |

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

| Particulars | ₹ in Million | |
|---|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| - Audit of Standalone, consolidated financial statements, limited review and other certifications | 19.20 | 22.63 |
| - Reimbursement of expenses | 0.96 | 1.13 |
| Total | 20.16 | 23.76 |

Note No.33 Exceptional items

| Particulars | ₹ in Million | |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Business combination and restructuring expense | - | (35.24) |
| Total | - | (35.24) |

Note No.34 Tax expenses

| Particulars | ₹ in Million | |
|---|----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Current Tax | | |
| Current tax expenses | 197.87 | 223.89 |
| Current tax expense relating to prior years | - | 22.38 |
| | 197.87 | 246.27 |
| Deferred tax benefit | | |
| Deferred tax (benefit) / expense | 51.09 | (19.59) |
| Minimum alternative tax credit reversed / (availed) | 152.63 | (240.47) |
| | 203.72 | (260.06) |
| Net tax expense | 401.59 | (13.79) |

Notes

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| Particulars | ₹ in Million | |
|--|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Profit / (loss) before income taxes | | |
| - from continuing operations | 1,518.58 | 1,130.31 |
| - from discontinued operations | - | (47.01) |
| | 1,518.58 | 1,083.30 |
| Indian statutory income tax rate | 34.944% | 34.944% |
| Expected income tax expense | 530.65 | 378.55 |
| Tax effect of adjustments to reconcile expected income tax expense to reported income tax expenses: | | |
| Income exempt from tax | (6.06) | (24.76) |
| Effect of concessions and allowances | (96.80) | (152.53) |
| Items with differential tax rates | (36.13) | (62.29) |
| Others (net) | 9.93 | (159.34) |
| Total Income tax expense | 401.59 | (20.37) |
| Income tax expense attributable to: | | |
| Profit from continuing operations | 401.59 | (13.79) |
| Profit from discontinued operations | - | (6.58) |
| | 401.59 | (20.37) |

Refer note 11 for significant components of deferred tax assets and liabilities.

Note No.35 Earnings and expenditure in foreign currency

35.1 Earnings in foreign currency

| Particulars | ₹ in Million | |
|--------------------------------------|------------------|------------------|
| | March 31, 2020 | March 31, 2019 |
| Sale of products | 14,363.80 | 12,707.78 |
| Development income | 50.30 | 116.41 |
| Licensing fees | 11.34 | 0.48 |
| Sale of intellectual property rights | 754.41 | 709.66 |
| Royalty income | 247.28 | 234.90 |
| Dividend from subsidiaries | 137.87 | 254.99 |
| Guarantee commission | 398.31 | 487.54 |
| Other income | 56.84 | 118.02 |
| Total | 16,020.17 | 14,629.78 |

35.2 Expenditure in foreign currency

| Particulars | ₹ in Million | |
|-----------------------------------|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Travelling and conveyance | - | 0.34 |
| Sales commission | 7.82 | 16.89 |
| Royalty expenses | 11.12 | - |
| Finance costs | 201.10 | 131.17 |
| Consumption of stores and spares | 41.14 | 32.02 |
| Legal and professional fees | 17.94 | 98.40 |
| Rates and taxes | 3.77 | 25.11 |
| Research and development expenses | 13.79 | 27.51 |
| Business promotion | 6.45 | 19.27 |
| Support service charges | 23.48 | 19.45 |
| Others | 25.06 | 56.84 |
| Total | 351.67 | 427.00 |

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Note No.36 Details of research and development expenditure incurred (charged to statement of profit and loss)

| Particulars | ₹ in Million | |
|---------------------------------------|----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Salaries, wages and bonus | 230.83 | 249.24 |
| Cost of materials consumed | 59.07 | 184.06 |
| Legal and professional fees | 26.81 | 63.99 |
| Bio study expense | 82.51 | 141.94 |
| Consumption of stores and spares | 114.98 | 128.43 |
| Travelling and conveyance | 5.15 | 7.92 |
| Depreciation and amortisation expense | 100.86 | 95.90 |
| Others | 289.92 | 345.97 |
| Total | 910.13 | 1,217.45 |

Note No.37 Other comprehensive income

| Particulars | ₹ in Million | |
|---|-----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| A) Items that will not be reclassified to profit or loss | | |
| Defined benefit obligations | (28.98) | (7.71) |
| Income tax on defined benefit obligations | 11.41 | 3.18 |
| | (17.57) | (4.53) |
| B) Items that may be reclassified to profit or loss | | |
| Movement in cash flow hedge | (516.60) | 150.23 |
| Income tax on cash flow hedge | 180.52 | (52.63) |
| | (336.08) | 97.60 |
| Total | (353.65) | 93.07 |

Note No.38 Disposal of investments / business / assets held for sale accounted as discontinued operations

38.1 Sale of investments in entities manufacturing specialty products during the previous year

The Company and its wholly owned subsidiary Strides Pharma Asia Pte Limited ("Strides Singapore") entered into definitive agreements on February 27, 2013 with Mylan Inc. for sale of the Specialty products business. The transactions under the respective agreements were by way of (i) sale of investment held in Agila Specialties Private Limited ("ASPL", an erstwhile wholly owned subsidiary of the Company), to Mylan Laboratories Limited ("MLL"), a Mylan group company and (ii) the sale of investment held in Agila Specialties Global Pte Limited ("Agila Global", an erstwhile wholly owned subsidiary of Strides Singapore) to Mylan Institutional Inc., another Mylan group company. MLL and Mylan Institutional Inc. together are referred to below as Mylan.

The sale of shares of ASPL was recorded by the Company in terms of the Sale and Purchase Agreement dated December 4, 2013 (the "India SPA"). The sale of shares of Agila Global was recorded by Strides Singapore in terms of another Sale and Purchase Agreement dated December 4, 2013 (the "Global SPA").

The Company as part of the sale has provided a corporate guarantee to Mylan Inc. for US\$200 Million (valid up to December 4, 2020) on behalf of Strides Singapore which can be used for discharging specified financial obligations, if any, of Strides Singapore to Mylan, which has been included under contingent liabilities as at March 31, 2019 and March 31, 2020 in Note 41.

Further, in accordance with the terms of the India SPA and the Global SPA (together the "SPA"s), certain amounts were set aside under separate deposit / escrow accounts which were required to be utilised for specified expenses during the specified period. These included separate escrow / deposit of US\$100 Million in respect of potential claims under the SPAs in relation to certain regulatory concerns ("Regulatory escrow") and US\$100 Million in respect of potential claims in relation to the warranties and indemnities, including in relation to tax, as per the

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terms of SPAs and other transaction amounts ("General claims escrow"). Further, ₹850 Million was set aside in separate Escrow for payment to certain specified senior management personnel of ASPL and its subsidiary.

Any unutilised amounts from the deposit / escrow accounts after the specified period were payable to the respective entities of the Group. Given the uncertainties involved and in the absence of a right to receive, the amounts under the deposit / escrow arrangements were not included in the consideration accounted as income by the Company at the time of disposal of the investments. Receipts from these deposit / escrow accounts were recognised subsequently (net of related expenses incurred) in the period in which such amounts were received by the Company."

During the earlier years, the Company received notifications of claims from Mylan under the terms of the SPAs. These included claims against the regulatory escrows, tax claims, warranty and indemnity claims, and third party claims. Under the terms of the SPAs, claims against the Company / Strides Singapore can only be made under specific provisions contained in the SPAs which include the procedures and timelines for submission of notifications of claims and actual claims and commencing arbitration proceedings.

During the earlier years, all claims towards regulatory expenses were settled out of the Regulatory Escrow deposit. The Company's subsidiary in Singapore and Mylan also agreed on full and final settlement of warranty and indemnity claims which were adjusted against the General Claims escrow.

During the previous year ended March 31, 2019, favourable outcome was achieved in relation to the arbitration proceedings with respect to the third party claims. The Company's subsidiary in Singapore and Mylan have entered into an agreement whereby Mylan has released the pending balance in Escrow account relating to the Global SPA. The Company's subsidiary in Singapore has recorded a net gain of ₹2,738.74 Million (net off related expenses and outstanding tax claims) under discontinued operations in its consolidated financial statements.

38.2 Sale of Strides API Research Centre ("SRC") during the previous year

During the previous year, the Company entered into Business Purchase Agreement with Solara Active Pharma Sciences Limited, India ("Solara") to sell the assets (consisting of Plant & machinery, equipment, computer software and other related capital work in progress) and business conducted by the Company at Strides API Research Centre ("SRC") along with the employees. Details of assets and liabilities disposed off, and the calculation of the profit or loss on disposal are explained below:

(a) Consideration received

| Particulars | ₹ in Million |
|---|----------------|
| | March 31, 2019 |
| Consideration received in cash and cash equivalents | 347.57 |
| Total consideration | 347.57 |

(b) Carrying value of asset and liabilities as on the date of disposal

| Particulars | ₹ in Million |
|--------------------------------|----------------|
| | March 31, 2019 |
| Non-current assets | 342.55 |
| Current assets | 14.53 |
| Non-current liabilities | (8.26) |
| Current liabilities | (21.17) |
| Net assets disposed off | 327.65 |

(c) Loss on disposal

| Particulars | ₹ in Million |
|------------------------------------|----------------|
| | March 31, 2019 |
| Consideration received | 347.57 |
| Net assets disposed off | (327.65) |
| Expenses pertaining to disposal | (66.93) |
| Loss on disposal before tax | (47.01) |

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(d) Net cash inflow on disposal

| Particulars | ₹ in Million | |
|--|----------------|--|
| | March 31, 2019 | |
| Consideration received in cash and cash equivalents | 347.57 | |
| Less: Expenses pertaining to disposal | (66.93) | |
| Less: cash and cash equivalent balances disposed off | (0.02) | |
| Net cash inflow | 280.62 | |

38.3 Financial performance of discontinued operations referred in Note 38.1 to 38.2 above:

The combined results of the discontinued operations included in the profit for the year are set out below. The comparative profit and cash flows from discontinued operations have been presented as if these operations were discontinued in the prior year as well.

| Particulars | ₹ in Million | |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Total revenue from discontinued operations (I) | - | - |
| Total expenses from discontinued operations (II) | - | - |
| Loss from discontinued operation (III = I - II) | - | - |
| Loss on disposal of: | | |
| - Strides API Research Centre | - | (47.01) |
| Loss on disposal of businesses (IV) | - | (47.01) |
| Loss from discontinued operations before tax (V = III + IV) | - | (47.01) |
| Attributable income tax expense (VI) | - | (6.58) |
| Loss from discontinued operations after tax (V - VI) | - | (40.43) |

Cash flows from discontinued operations

| Particulars | ₹ in Million | |
|---|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Net cash inflows/(outflows) from operating activities | - | - |
| Net cash inflows/(outflows) from investing activities | - | 280.62 |
| Net cash inflows/(outflows) from financing activities | - | - |
| Net cash inflows/(outflows) | - | 280.62 |

*includes cash inflow on disposal of assets and liabilities of the discontinued operations

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Note No.39 Details of Loans and Investments during the year

39.1 Details of Loans made by the Company

| Name of borrower | Nature of relationship | Security | Rate of interest | Term | ₹ in Million | | | |
|--------------------------------------|-------------------------|-----------|------------------|-----------|---------------------|-----------------------|---------------------------|----------------------|
| | | | | | As at April 1, 2019 | Given during the year | Repayment during the year | As at March 31, 2020 |
| Strides Emerging Markets Limited | Wholly owned subsidiary | Unsecured | 9.25%-10.5% | 1-2 Years | 581.72 | 263.42 | 97.50 | 747.64 |
| Vivimed Lifesciences Private Limited | Wholly owned subsidiary | Unsecured | 10.50% | 2 Years | 166.20 | 766.60 | 207.00 | 725.80 |
| Stelis Biopharma Private limited | Associate | Unsecured | 10% | 1 Year | 250.00 | - | 250.00 | - |
| Strides Consumer Private Limited | Associate | Unsecured | 10% | 5 Years | 30.00 | - | - | 30.00 |
| Total | | | | | 1,027.92 | 1,030.02 | 554.50 | 1,503.44 |

Details of loans during the Previous year

| Name of borrower | Nature of relationship | Security | Rate of interest | Term | ₹ in Million | | | |
|--------------------------------------|-------------------------|-----------|------------------|-----------|---------------------|-----------------------|---------------------------|----------------------|
| | | | | | As at April 1, 2018 | Given during the year | Repayment during the year | As at March 31, 2019 |
| Strides Emerging Markets Limited | Wholly owned subsidiary | Unsecured | 9.25%-10.5% | 1-2 Years | 116.12 | 615.60 | 150.00 | 581.72 |
| Vivimed Lifesciences Private Limited | Wholly owned subsidiary | Unsecured | 11% | 2 Years | - | 166.20 | - | 166.20 |
| Stelis Biopharma Private limited | Associate | Unsecured | 10% | 1 Year | - | 250.00 | - | 250.00 |
| Strides Consumer Private Limited | Associate | Unsecured | 10% | 5 Years | 110.29 | 82.68 | 162.97 | 30.00 |
| Vivimed Labs Limited | Others | Unsecured | 10% | 1 Year | 250.00 | 200.00 | 450.00 | - |
| Total | | | | | 476.41 | 1,314.48 | 762.97 | 1,027.92 |

All the above loans are given for the purpose of business operations of the borrowers as long term strategic investment.

39.2 Details of non-current investments purchased and sold during the year:

| Particulars | Face value per unit | ₹ in Million | | | | As at March 31, 2020 |
|---|---------------------|---------------------|------------------------------------|---------------------------------|-------------|----------------------|
| | | As at April 1, 2019 | Purchase/ addition during the year | Sold / deletion during the year | Adjustments | |
| (A) Investments in subsidiaries: (Carried at cost) | | | | | | |
| Equity shares, unquoted | | | | | | |
| Strides Arcolab International Limited, UK | GBP 1 | 4,467.74 | - | - | - | 4,467.74 |
| Strides Pharma International Limited, Cyprus | USD 1 | 23.13 | - | - | - | 23.13 |
| Strides Pharma Asia Pte Limited, Singapore | SGD 1 | 11,476.68 | - | - | - | 11,476.68 |
| SVADS Holdings SA, Switzerland | CHF 1 | 466.59 | - | - | - | 466.59 |
| Arrow Remedies Private limited, India | ₹ 10 | 0.21 | - | - | - | 0.21 |
| Fagris Medica Private Limited, India | ₹ 10 | 18.70 | - | - | - | 18.70 |
| Vivimed Life Sciences Private Limited, India | ₹ 10 | 1,347.42 | - | - | - | 1,347.42 |
| Arcolab Private Limited, India | ₹ 10 | 1.60 | - | - | - | 1.60 |
| | | 17,802.07 | - | - | - | 17,802.07 |

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| Particulars | Face value per unit | | | | | | ₹ in Million |
|---|---------------------|---------------------|------------------------------------|---------------------------------|-----------------|----------------------|--------------|
| | | As at April 1, 2019 | Purchase/ addition during the year | Sold / deletion during the year | Adjustments | As at March 31, 2020 | |
| Compulsory convertible preference shares, unquoted | | | | | | | |
| Strides Arcolab International Limited, UK | GBP 1,000 | - | 854.78 | - | - | 854.78 | |
| | | - | 854.78 | - | - | 854.78 | |
| (B) Investments in associates: (Carried at cost) | | | | | | | |
| Equity shares, unquoted | | | | | | | |
| Stelis Biopharma Private Limited, India | ₹ 10 | 1,258.55 | 905.04 | - | 750.00 | 2,913.59 | |
| Strides Consumer Private Limited, India | ₹ 100 | 0.10 | - | - | - | 0.10 | |
| | | 1,258.65 | 905.04 | - | 750.00 | 2,913.69 | |
| Compulsorily Convertible Preference shares, unquoted | | | | | | | |
| Stelis Biopharma Private Limited, India | ₹ 10 | 750.00 | - | - | (750.00) | - | |
| Strides Consumer Private Limited, India | ₹ 100 | 153.86 | - | - | - | 153.86 | |
| | | 903.86 | - | - | (750.00) | 153.86 | |
| Provision for diminution in the value of investment (Refer note 8(i)) | | (18.70) | - | - | - | (18.70) | |
| Total | | 19,945.88 | 1,759.82 | - | - | 21,705.70 | |

Details of non-current investments purchased and sold during the previous year:

| Particulars | Face value per unit | | | | | | ₹ in Million |
|---|---------------------|---------------------|------------------------------------|---------------------------------|---|----------------------|--------------|
| | | As at April 1, 2018 | Purchase/ addition during the year | Sold / deletion during the year | Pursuant to scheme of demerger / merger (Refer note 38.2) | As at March 31, 2019 | |
| (A) Investments in subsidiaries: (Carried at cost) | | | | | | | |
| Equity shares, unquoted | | | | | | | |
| Strides Arcolab International Limited, UK | GBP 1 | 2,544.46 | 1,923.28 | - | - | 4,467.74 | |
| Strides Pharma International Limited, Cyprus | USD 1 | 23.13 | - | - | - | 23.13 | |
| Strides Pharma Asia Pte Limited, Singapore | SGD 1 | 26.68 | 3,087.49 | - | 8,362.51 | 11,476.68 | |
| Strides Consumer Private Limited, India (reclassified as Associate) | ₹ 100 | 0.10 | - | - | (0.10) | - | |
| Strides Chemicals Private Limited, India | ₹ 10 | 1,489.99 | - | (1,489.99) | - | - | |
| SVADS Holdings SA, Switzerland | CHF 1 | 466.59 | - | - | - | 466.59 | |
| Arrow Remedies Private limited, India | ₹ 10 | 0.21 | - | - | - | 0.21 | |
| Fagris Medica Private Limited, India | ₹ 10 | 18.70 | - | - | - | 18.70 | |
| Vivimed Life Sciences Private Limited, India | ₹ 10 | - | 688.80 | - | 658.62 | 1,347.42 | |
| Arcolab Private Limited, India | ₹ 10 | - | 1.60 | - | - | 1.60 | |
| | | 4,569.86 | 5,701.17 | (1,489.99) | 9,021.03 | 17,802.07 | |
| Preference shares, unquoted | | | | | | | |
| Strides Pharma Asia Pte Limited, Singapore (converted into equity shares) | SGD 1,000 | 8,362.51 | - | - | (8,362.51) | - | |
| | | 8,362.51 | - | - | (8,362.51) | - | |

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| Particulars | Face value per unit | | | | | | ₹ in Million |
|---|---------------------|---------------------|------------------------------------|---------------------------------|---|----------------------|--------------|
| | | As at April 1, 2018 | Purchase/ addition during the year | Sold / deletion during the year | Pursuant to scheme of demerger / merger (Refer note 38.2) | As at March 31, 2019 | |
| (B) Investments in associates: (Carried at cost) | | | | | | | |
| Equity shares, unquoted | | | | | | | |
| Stelis Biopharma Private Limited, India | ₹ 10 | 1,258.55 | - | - | - | 1,258.55 | |
| Vivimed Life Sciences Private Limited, India (reclassified to subsidiaries) | ₹ 10 | 658.62 | - | - | (658.62) | - | |
| Strides Consumer Private Limited, India | ₹ 100 | - | - | - | 0.10 | 0.10 | |
| | | 1,917.17 | - | - | (658.52) | 1,258.65 | |
| Compulsorily Convertible Preference shares, unquoted | | | | | | | |
| Stelis Biopharma Private Limited, India | ₹ 10 | - | 750.00 | - | - | 750.00 | |
| Strides Consumer Private Limited, India | ₹ 100 | - | 153.86 | - | - | 153.86 | |
| | | - | 903.86 | - | - | 903.86 | |
| (D) Other investments (Carried at fair value through profit or loss) | | | | | | | |
| Beta Wind Farm Private Limited, India | ₹ 10 | 1.08 | - | (1.08) | - | - | |
| | | 1.08 | - | (1.08) | - | - | |
| Provision for diminution in the value of investment (Refer note 8(i)) | | (198.69) | - | 179.99 | - | (18.70) | |
| Total | | 14,651.93 | 6,605.03 | (1,311.08) | - | 19,945.88 | |

39.3 Details of current investments purchased and sold during the year:

| Particulars | | | | | | ₹ In Million |
|--|---------------------|--------------------------|----------------------|-------------|----------------------|--------------|
| | As at April 1, 2019 | Purchase during the year | Sold during the year | Adjustments | As at March 31, 2020 | |
| Investment measured at fair value through profit or loss (Quoted investments) | | | | | | |
| Investments in mutual funds | 1,542.86 | - | (1,542.86) | - | - | |
| Total | 1,542.86 | - | (1,542.86) | - | - | |

Details current investments purchased and sold during the previous year:

| Particulars | | | | | | ₹ In Million |
|--|---------------------|--------------------------|----------------------|--------------|----------------------|--------------|
| | As at April 1, 2018 | Purchase during the year | Sold during the year | Adjustments | As at March 31, 2019 | |
| Investment measured at fair value through profit or loss (Quoted investments) | | | | | | |
| Investments in mutual funds | 3,114.79 | - | (1,585.36) | 13.43 | 1,542.86 | |
| Total | 3,114.79 | - | (1,585.36) | 13.43 | 1,542.86 | |

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39.4 Movement in corporate guarantee during the year

| Particulars | ₹ In Million | | | | |
|---|---------------------|-----------------------|-------------------------------------|------------------------|----------------------|
| | As at April 1, 2019 | Given during the year | Withdrawn/Cancelled during the year | Exchange rate movement | As at March 31, 2020 |
| Strides Pharma International Limited, Cyprus- Watson Pharmaceuticals, Inc., USA- (Original guarantee provided by Strides Pharma Limited which merged with Strides Pharma International Limited effective December 12, 2017) Purpose: Pursuant to the Share Sale Agreement entered by the Company with Watson Pharmaceuticals Inc., USA for the sale of its stake in Ascent Pharmahealth Ltd., Australia | 12,989.75 | - | (12,229.69) | (760.06) | - |
| Strides Pharma Asia Pte Ltd., Singapore- Mylan Inc. Purpose - Guarantee is extended on behalf of Strides Pharma Asia in relation to its financial obligations under a Share Purchase Agreement for the sale of shares of its subsidiary Agila Specialities Global Pte. Ltd., Singapore | 13,838.00 | - | - | 1,232.60 | 15,070.60 |
| Strides Pharma Global Pte. Limited - Banks and financial institutions Purpose: Non-current and working capital borrowings for capital investments | 20,583.58 | 1,394.03 | (15,152.61) | 464.35 | 7,289.35 |
| Arrow Pharmaceuticals Pty Limited, Australia - Banks and financial institutions Purpose: Non-current borrowings for capital investments and workings capital loans. | 2,144.89 | - | (2,144.89) | - | - |
| Stelis Biopharma Private Limited, India - Banks and financial institutions Purpose: Non-current borrowings for capital investments | 4,001.93 | 2,000.00 | - | 289.66 | 6,291.59 |
| Strides Pharma Inc., USA- Banks and financial institutions Purpose- Workings capital borrowings | 1,037.85 | 1,130.30 | - | 92.44 | 2,260.59 |
| Vivimed Life Sciences Private Limited, India - Banks and financial institutions Purpose: Working capital borrowings | 320.00 | - | - | - | 320.00 |
| Strides Pharma UK Ltd, UK - Banks and financial institutions Purpose: Asset acquisition and Working capital borrowings | - | 1,123.15 | - | - | 1,123.15 |
| Total | 54,916.00 | 5,647.48 | (29,527.19) | 1,318.99 | 32,355.28 |

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Movement in corporate guarantee during the previous year

| Particulars | ₹ In Million | | | | |
|---|---------------------|-----------------------|-------------------------------------|------------------------|----------------------|
| | As at April 1, 2018 | Given during the year | Withdrawn/Cancelled during the year | Exchange rate movement | As at March 31, 2019 |
| Strides Pharma International Limited, Cyprus- Watson Pharmaceuticals, Inc., USA- (Original guarantee provided by Strides Pharma Limited which merged with Strides Pharma International Limited effective December 12, 2017) Purpose: Pursuant to the Share Sale Agreement entered by the Company with Watson Pharmaceuticals Inc., USA for the sale of its stake in Ascent Pharmahealth Ltd., Australia | 13,208.72 | - | - | (218.97) | 12,989.75 |
| Strides Pharma Asia Pte Ltd., Singapore- Mylan Inc. Purpose - Guarantee is extended on behalf of Strides Pharma Asia in relation to its financial obligations under a Share Purchase Agreement for the sale of shares of its subsidiary Agila Specialities Global Pte. Ltd., Singapore | 13,034.00 | - | - | 804.00 | 13,838.00 |
| Strides Pharma Global Pte. Limited - Banks and financial institutions Purpose: Non-current borrowings for capital investments | 9,678.24 | 10,316.23 | - | 589.11 | 20,583.58 |
| Arrow Pharmaceuticals Pty Limited, Australia - Banks and financial institutions Purpose: Non-current borrowings for capital investments and workings capital loans. | - | 2,144.89 | - | - | 2,144.89 |
| Stelis Biopharma Private Limited, India - Banks and financial institutions Purpose: Non-current borrowings for capital investments | 3,812.99 | - | - | 188.94 | 4,001.93 |
| Strides Pharma Inc., USA- Banks and financial institutions Purpose- Workings capital borrowings | 1,955.10 | - | (977.55) | 60.30 | 1,037.85 |
| Vivimed Life Sciences Private Limited, India - Banks and financial institutions Purpose: Working capital borrowings | 320.00 | - | - | - | 320.00 |
| Total | 42,009.05 | 12,461.12 | (977.55) | 1,423.38 | 54,916.00 |

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39.5 Disclosure as per Regulation 34 (3) and 53 (f) read with Part A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of loans and advances, the amount in the nature of loans outstanding at year end:

| Borrower | ₹ in Million | | | |
|--------------------------------------|----------------------|----------------------|--|-----------------|
| | Outstanding | | Maximum amount outstanding during the year ended | |
| | As at March 31, 2020 | As at March 31, 2019 | March 31, 2020 | March 31, 2019 |
| Strides Consumer Private Limited | 30.00 | 30.00 | 30.00 | 192.97 |
| Strides Emerging Markets Limited | 747.64 | 581.72 | 845.13 | 731.72 |
| Vivimed Labs Limited | - | - | - | 450.00 |
| Vivimed Lifesciences Private Limited | 725.80 | 166.20 | 835.10 | 166.20 |
| Stelis Biopharma Private Limited | - | 250.00 | - | 250.00 |
| Total | 1,503.44 | 1,027.92 | 1,710.23 | 1,790.89 |

Note No.40 Commitments

| Particulars | ₹ in Million | |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 199.32 | 420.70 |
| Total | 199.32 | 420.70 |

Note No.41 Contingent liabilities (to the extent not provided for)

| Particulars | ₹ in Million | |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| a) Corporate guarantees | | |
| The Company has given corporate guarantees to financial institutions and other parties, including on behalf of its subsidiaries in the ordinary course of business (also refer note 38.1) | 32,355.28 | 54,916.00 |
| b) Claims against the Company not acknowledged as debt | | |
| - Disputed tax liabilities arising from assessment proceedings relating to earlier years from the income tax authorities. The outflow, if any, on account of disputed taxes is dependent on completion of assessments/ disposal of appeals and adjustments for payment made under protest. | 1,844.86 | 1,719.09 |
| - Disputed excise, custom, service tax and sales tax liabilities arising from assessment proceedings relating to prior years. The outflow, if any, on account of disputed liabilities is dependent on completion of assessments/ disposal of appeals and adjustments for payment made under protest. | 581.61 | 607.30 |

As per the judgment of Honourable Supreme Court dated February 28, 2019 on the definition of “Basic Wages” under the Employees Provident Funds & Misc. Provisions Act, 1952 and based on Company’s evaluation, there are significant uncertainties and numerous interpretative issues relating to the judgement and hence It is unclear as to whether the clarified definition of Basic Wages would be applicable prospectively or retrospectively. The amount of the obligation therefore cannot be measured with sufficient reliability for past periods and hence has currently been considered to be a contingent liability.

Other than the matters disclosed above, the Company is also involved in other disputes including patent and commercial matters that arise from time to time in the ordinary course of business. Management is of the view that the resolution of these disputes will not have any material adverse effect on the Company’s financial position or results of operations.

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Note No.42 Share-based payments

Details of the employee share option plan of the Company:

- The ESOP titled “Strides Arcolab ESOP 2011” (ESOP 2011) was approved by the shareholders on May 30, 2011 for 1,500,000 options. Each option comprises one underlying equity share of the Company. The vesting period of these options range over a period of three years. The options must be exercised within a period of 30 days from the date of vesting. The plan is terminated and hence no options were granted under this plan during the current year.
- The ESOP titled “Strides Arcolab ESOP 2015” (ESOP 2015) was approved by the shareholders on November 6, 2015 for 70,000 options. Each option comprises one underlying equity share of the Company. The vesting period of these options range over a period of four years. The options must be exercised within a period of 180 days from the date of vesting. No options were granted under this plan during the current year.
- The ESOP titled “Strides ESOP 2016” (formerly known as Strides Shasun ESOP 2016) (ESOP 2016) was approved by the shareholders on April 21, 2016. 3,000,000 options are covered under the Plan which are convertible into equal number of equity shares of the Company. The vesting period of these options range over a period of three years. The options must be exercised within a period of one year from the date of vesting. Company has granted 100,000 options (Previous year: 338,000) under this scheme during the current year.
- During the current year, Employee compensation costs of ₹15.87 Million (for the year ended March 31, 2019: ₹8.97 Million) relating to the above referred various Employee Stock Option Plans have been charged to the Statement of Profit and Loss.

Fair value of share options granted during the year

The fair value of the share options granted during the year under ESOP 2016 Lot VI, ESOP 2016 Lot VII & ESOP 2016 Lot VIII are ₹140.63, ₹153.15 and ₹173.97 respectively. Options were priced using a Black- Scholes method of valuation at grant date. Expected volatility is based on the historical share price volatility over the past 3 years.

Inputs into the model -

| Particulars | ₹ in Million | | |
|-------------------------|------------------|-------------------|--------------------|
| | ESOP 2016 Lot VI | ESOP 2016 Lot VII | ESOP 2016 Lot VIII |
| No of Options | 25,000 | 50,000 | 25,000 |
| Grant date share price | ₹ 352.75 | ₹ 360.10 | ₹ 373.00 |
| Exercise price | ₹ 265.20 | ₹ 269.70 | ₹ 257.65 |
| Expected volatility | 27.28% | 32.67% | 35.76% |
| Option life | 3 years | 3 years | 3 years |
| Expected Dividend % | 20.00% | 20.00% | 20.00% |
| Risk-free interest rate | 6.437% | 6.784% | 6.656% |

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Employee stock options details as on the balance sheet date are as follows:

| Particulars | During the year 2019-20 | | During the year 2018-19 | |
|--|-------------------------|--|-------------------------|--|
| | Options (No's) | Weighted average exercise price per option (₹) | Options (No's) | Weighted average exercise price per option (₹) |
| Option outstanding at the beginning of the year: | | | | |
| - ESOP 2011 | - | - | 40,000 | 322.30 |
| - ESOP 2015 | 563 | 231.79 | 10,692 | 273.92 |
| - ESOP 2016 | 457,500 | 394.15 | 280,000 | 757.70 |
| Granted during the year: | | | | |
| - ESOP 2011 | - | - | - | - |
| - ESOP 2015 | - | - | - | - |
| - ESOP 2016 | 100,000 | 265.56 | 338,000 | 306.00 |
| Exercised during the year: | | | | |
| - ESOP 2011 | - | - | (40,000) | 322.30 |
| - ESOP 2015 | (188) | 231.79 | (9,441) | 271.41 |
| - ESOP 2016 | (15,800) | 301.00 | - | - |
| Lapsed/ cancelled during the year: | | | | |
| - ESOP 2011 | - | - | - | - |
| - ESOP 2015 | (375) | 231.79 | (688) | 322.30 |
| - ESOP 2016 | (120,500) | 464.98 | (160,500) | 639.72 |
| Options outstanding at the end of the year*: | | | | |
| - ESOP 2011 | - | - | - | - |
| - ESOP 2015 | - | - | 563 | 231.79 |
| - ESOP 2016 | 421,200 | 346.86 | 457,500 | 394.15 |
| Options available for grant: | | | | |
| - ESOP 2011 | - | - | - | - |
| - ESOP 2015 | - | - | - | - |
| - ESOP 2016 | 2,543,000 | - | 2,522,500 | - |

* Includes options vested but not exercised as at March 31, 2020 ESOP 2016: 50,000 (March 31, 2019: Nil)

Note No.43 Employee Benefits Plans

Defined contribution plan

The Company makes contributions to provident fund and employee state insurance schemes which are defined contribution plans, for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll cost to fund the benefits. The Company recognised ₹110.53 Million for provident fund contributions, ₹2.58 Million for employee state insurance scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Defined benefit plan

The Company offers gratuity benefits, a defined employee benefit scheme to its employees.

Composition of the plan assets

The fund is managed by LIC, the fund manager. The details of composition of plan assets managed by the fund manager is not available with the Company. However, the said funds are subject to Market risk (such as interest risk, investment risk, etc.).

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The said benefit plan is exposed to actuarial risks such as longevity risk and salary risk.

| | |
|----------------|---|
| Longevity risk | The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability. |
| Salary risk | The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. |

The principal assumptions used for the purposes of the actuarial valuations were as follows:

| Particulars | Valuation as at | |
|-------------------------------------|--------------------------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Discount rate(s) | 6.40% | 7.05% |
| Expected rate(s) of salary increase | 10.00% | 10.00% |
| Mortality Rate | As per IALM (2012-14) ultimate | |
| Retirement age (years) | 58 years | 58 years |

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:

| Particulars | ₹ in Million | |
|---|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Service cost: | | |
| Current service cost | 33.23 | 35.67 |
| Net interest expense | 7.67 | 7.89 |
| Components of defined benefit costs recognised in statement of profit and loss | 40.90 | 43.56 |
| Remeasurement on the net defined benefit liability: | | |
| Return on plan assets [excluding amounts included in net interest expense] (excess) / short | (8.99) | 2.70 |
| Actuarial losses arising from changes in demographic assumptions | 4.99 | - |
| Actuarial losses arising from changes in financial assumptions | 12.14 | 8.22 |
| Actuarial (gains) / losses arising from experience adjustments | 20.84 | (3.21) |
| Components of defined benefit costs recognised in other comprehensive income | 28.98 | 7.71 |
| Total | 69.88 | 51.27 |

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit and loss. The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

| Particulars | ₹ in Million | |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Present value of funded defined benefit obligation | 333.89 | 270.93 |
| Fair value of plan assets | (136.43) | (142.15) |
| Funded status | 197.46 | 128.78 |
| Net liability arising from defined benefit obligation | 197.46 | 128.78 |

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Movements in the present value of the defined benefit obligation are as follows:

| Particulars | Year ended | |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Opening defined benefit obligation | 270.93 | 292.08 |
| (less) on account of acquisitions / transfers | (1.21) | (54.72) |
| Expenses recognised in statement of profit and loss | | |
| Current service cost | 33.23 | 35.67 |
| Interest cost | 17.69 | 18.18 |
| Remeasurement (gains)/losses: | | |
| Actuarial gains and losses arising from changes in financial assumptions | 12.14 | 8.22 |
| Actuarial gains and losses arising from experience adjustments | 20.84 | (3.21) |
| Actuarial gains and losses arising from demographic assumption | 4.99 | - |
| Benefits paid | (24.72) | (25.29) |
| Closing defined benefit obligation | 333.89 | 270.93 |

Movements in the fair value of the plan assets are as follows:

| Particulars | Year ended | |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Opening fair value of plan assets | 142.15 | 150.62 |
| Remeasurement gain (loss): | | |
| Return on plan assets (excluding amounts included in net interest expense) | 10.02 | 10.29 |
| Contributions from the employer | - | 18.70 |
| Assets distributed on business transfer | - | (10.52) |
| Actuarial gain/(loss) on plan assets | 8.99 | (2.71) |
| Benefits paid | (24.73) | (24.23) |
| Closing fair value of plan assets | 136.43 | 142.15 |

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate increases (decrease) by 1%, the defined benefit obligation would be ₹315.69 Million (₹ 354.16 Million) as at March 31, 2020.

If the expected salary growth increases (decrease) by 1%, the defined benefit obligation would be ₹350.02 Million (₹ 318.47 Million) as at March 31, 2020.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

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forming part of the standalone financial statements for the year ended March 31, 2020

There has been no change in the process used by the Company to manage its risks from prior periods.

Expected future cash outflows towards the plan are as follows-

| Financial Year | Amount |
|--------------------|--------|
| 2020-21 | 41.03 |
| 2021-22 | 42.59 |
| 2022-23 | 40.92 |
| 2023-24 | 37.24 |
| 2024-25 | 36.40 |
| 2025-26 to 2029-30 | 148.80 |

Note No.44 Related party transactions : List of related parties

| Relationship | Name |
|---|---|
| Wholly owned subsidiaries | Direct Holding |
| | Arco Lab Private Limited, India (with effect from November 26, 2018) |
| | Arrow Remedies Private Limited, India |
| | Fagris Medica Private Limited, India |
| | Strides Arcolab International Limited, UK |
| | Strides Chemicals Private Limited, India (upto August 31, 2018) |
| | Strides Consumer Private Limited, India (upto December 19, 2018) |
| | Strides Pharma Asia Pte Limited, Singapore |
| | Strides Pharma International Limited, Cyprus |
| | SVADS Holdings SA, Switzerland |
| | Vivimed Life Sciences Private Limited, India (with effect from March 29, 2019) |
| | Step down subsidiaries |
| | Altima Innovations Inc, USA |
| | Arrow Life Sciences (Malaysia) Sdn. Bhd., Malaysia |
| | Arrow Pharma (Private) Limited, Srilanka |
| | Arrow Pharma Life Inc., Philippines |
| | Arrow Pharma Pte Limited, Singapore |
| | Generic Partners (Canada) Inc., Canada (with effect from July 15, 2019) |
| | Generic Partners (South Africa) Pty Limited, South Africa (from September 25, 2018 to March 26, 2020) |
| | Generic Partners UK Limited, UK (with effect from September 25, 2018) |
| Generic Partners (International) Pte. Ltd, Singapore (with effect from July 15, 2019) | |
| Generic Partners (M) Sdn Bhd, Malaysia (from July 15, 2019 to September 6, 2019) | |
| Generic Partners (R&D) Pte. Ltd, Singapore (with effect from July 15, 2019) | |
| Shasun Pharma Solutions Inc, USA | |
| Stabilis Pharma Inc, USA | |
| Stelis Biopharma (Malaysia) Sdn Bhd, Malaysia | |
| Strides CIS Limited, Cyprus | |
| Strides Consumer LLC, USA (from October 31, 2018 till December 19, 2018) | |
| Strides Emerging Markets Limited, India | |
| Strides Global Consumer Healthcare Limited, India (from August 23, 2018 till December 19, 2018) | |
| Strides LifeSciences Limited, Nigeria | |
| Strides Netherlands BV, Netherlands (with effect from October 17, 2019) | |
| Strides Nordic ApS, Nordic (with effect from December 4, 2019) | |
| Strides Pharma (Cyprus) Limited, Cyprus | |
| Strides Pharma (SA) Pty Limited, South Africa (upto September 13, 2018) | |
| Strides Pharma Global (UK) Limited, UK | |
| Strides Pharma Global Pte Limited, Singapore | |

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forming part of the standalone financial statements for the year ended March 31, 2020

| Relationship | Name |
|----------------------------|---|
| | Strides Pharma Inc, USA |
| | Strides Pharma (UK) Limited, UK |
| | Strides Pharma Canada Inc, Canada (with effect from January 2, 2019) |
| | Strides Pharma Science Pty Ltd, Australia (with effect from August 8, 2019) |
| | Strides Vivimed Pte Limited, Singapore (with effect from March 29, 2019) |
| | Vensun Pharmaceuticals Inc, USA (with effect from January 30, 2019) |
| Other Subsidiaries: | Step down subsidiaries |
| | Alliance Pharmacy Pty Limited, Australia (51%) (upto July 10, 2019) |
| | Apollo Life Sciences Holdings Proprietary Limited, South Africa (51.76%) (with effect from January 1, 2018) |
| | Amneal Pharma Australia Pty Ltd.,Australia (99.99%) (upto July 10, 2019) |
| | Amneal Pharmaceuticals Pty Ltd.,Australia (99.99%) (upto July 10, 2019) |
| | Arrow Pharma Pty Limited, Australia (99.99%) (upto July 10, 2019) |
| | Arrow Pharmaceuticals Pty Limited, Australia (99.99%) (upto July 10, 2019) |
| | Beltapharm, SpA, Italy (97.94%) |
| | Generic Partners (Canada) Inc., Canada (51%) (from August 11, 2016 to July 14, 2019) |
| | Generic Partners (International) Pte Limited, Singapore (51%) (upto July 14, 2019) |
| | Generic Partners (M) Sdn Bhd, Malaysia (51%) (upto July 14, 2019) |
| | Generic Partners (NZ) Limited, New Zealand (51%) (upto September 20, 2019) |
| | Generic Partners (South Africa) Pty Limited, South Africa (51%) (upto September 24, 2018) |
| | Generic Partners Holding Co Pty Limited, Australia (51%) (upto July 10, 2019) |
| | Generic Partners Pty Limited, Australia (51%) (upto July 10, 2019) |
| | Generic Partners UK Limited, UK (51%) (upto September 24, 2018) |
| | Pharmacy Alliance Group Holdings Pty Limited, Australia (50.99%) (upto July 10, 2019) |
| | Pharmacy Alliance Investments Pty Limited, Australia (99.99%) (upto July 10, 2019) |
| | Pharmacy Alliance Pty Limited., Australia (50.99%) (upto July 10, 2019) |
| | Pharmapar Inc, Canada (80%) (with effect from February 12, 2019) |
| | Smarterpharm Pty Limited, Australia (51%) (upto July 10, 2019) |
| | Strides Arcolab (Australia) Pty Limited, Australia (99.99%) (upto July 10, 2019) |
| | Strides Pharma Canada Inc, Canada (70%) (upto January 1, 2019) |
| | Strides Pharma (SA) Pty Limited, South Africa (60%) (from September 13, 2018) |
| | Strides Shasun Latina Sa De Cv, Mexico (80%) |
| | Trinity Pharma Proprietary Limited, South Africa (51.76%) (with effect from January 1, 2018) |
| | Strides Vivimed Pte Limited, Singapore (50%) (upto March 29, 2019) |
| | Universal Corporation Limited, Kenya (51%) |
| | Trusts: |
| | Strides Foundation Trust, India |
| Joint Ventures (JV) | MyPak Solutions Australia Pty Ltd, Australia (upto July 10, 2019) |
| | Sihuan Strides (HK) Ltd, Hongkong (with effect from October 22, 2019) |
| | Oraderm Pharmaceuticals Pty Limited, Australia (upto July 10, 2019) |
| Associates | Aponia Laboratories Inc, USA |
| | Eris Pharma GmbH, Germany (with effect from September 9, 2019) |
| | Fairmed Healthcare AG, Switzerland (with effect from September 9, 2019) |
| | Fairmed Healthcare GmbH, Germany (with effect from September 9, 2019) |
| | Generic Partners (R&D) Pte Limited, Singapore (upto July 14, 2019) |
| | Juno OTC Inc, Canada (with effect from May 31, 2019) |
| | Regional Bio Equivalence Centre S.C., Ethiopia |
| | Stelis Biopharma Private Limited, India |
| | Stelis Biopharma LLC (with effect from January 21, 2020) |
| | Stelis Pte. Ltd, Singapore |
| | Strides Consumer Private Limited, India (with effect from December 19, 2018) |

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| Relationship | Name |
|---|--|
| | Strides Consumer LLC, USA (with effect from December 19, 2018) |
| | Strides Global Consumer Healthcare Limited, UK (with effect from December 19,2018) |
| | Vivimed Life Sciences Private Limited, India (upto March 29, 2019) |
| Director and Key Management Personnel | Mr. Deepak Vaidya, Chairman and Non-Executive Director |
| | Mr. Arun Kumar, Managing Director & Group CEO (upto January 8, 2020), Executive Director (with effect from January 9, 2020) |
| | Dr. R Ananthanarayanan, Managing Director (with effect from January 9 ,2020) |
| | Mr. Badree Komandur, Executive Director- Finance |
| | Mr. Shashank Sinha, Managing Director (upto May 18, 2018) |
| | Mr. Bharat D Shah, Independent Director |
| | Mr. S.Sridhar, Independent Director |
| | Mrs. Sangita Reddy, Independent Director (upto July 30, 2019) |
| | Dr. Kausalya Santhanam, Independent Director (with effect from December 11, 2019) |
| | Mr. Homi Rustam Khusrokhhan, Independent Director |
| | Ms. Manjula Ramamurthy, Company Secretary |
| Enterprises owned or significantly influenced by directors, key management personnel and their relatives | Alivira Animal Health Limited, India |
| | Atma Projects, India |
| | Aurore Life Sciences Private Limited, India |
| | Chayadeep Properties Private Limited, India |
| | Devendra estates LLP, India |
| | Naari Pharma Private Limited, India |
| | SeQuent Scientific Limited, India |
| | SeQuent Research Limited, India |
| | Shasun USA Inc, USA |
| | Solara Active Pharma Sciences Limited, India |
| | Sterling Pharma Solutions Limited, UK (upto February 27, 2019) |
| | Strides Chemicals Private Limited (Merged with Solara Active Pharma Sciences Limited on February 1, 2020, with an appointed date of September 1, 2018) |
| | Tenshi Kaizen Private Limited, India |
| | Tenshi Life Sciences Private Limited, India |
| | Tenshi Life Care Private Limited, India |

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| Particulars | Wholly Owned Subsidiaries | | Other Subsidiaries | | Associates / Joint venture | | Directors /KMP/ Relatives of KMP | | Enterprises owned or significantly influenced by directors or KMP or their relatives | |
|--|---------------------------|----------------------|----------------------|----------------------|----------------------------|----------------------|----------------------------------|----------------------|--|----------------------|
| | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| Balance of (trade payables) net of advance paid : | | | | | | | | | | |
| 1 Arrow Pharmaceuticals Pty Limited | - | - | - | (0.50) | - | - | - | - | - | - |
| 2 Atma Projects | - | - | - | - | - | - | - | - | (8.93) | (5.64) |
| 3 Arrow Remedies Private Limited | - | 0.53 | - | - | - | - | - | - | - | - |
| 4 Arco Lab Private Limited | (120.45) | (11.66) | - | - | - | - | - | - | 15.68 | - |
| 5 Aurore Life Sciences Private Limited | - | - | - | (2.41) | - | - | - | - | (7.56) | (3.49) |
| 6 Beltapharm S.p.A. | - | - | - | - | - | - | - | - | (0.25) | - |
| 7 Chayadeep Properties Private Limited | - | - | - | - | - | - | - | - | (1.45) | (0.07) |
| 8 Devendra Estates LLP | - | (0.96) | - | - | - | - | - | - | - | (32.00) |
| 9 Fagris Medica Private Limited | (0.96) | - | - | - | - | - | - | - | - | - |
| 10 SeQuent Scientific Limited | - | - | - | - | - | - | - | - | - | - |
| 11 Strides Chemicals Private Limited | (30.61) | (28.12) | - | - | - | - | - | - | (1.321.93) | (1,527.60) |
| 12 Strides CIS Limited | 10.77 | (22.52) | - | - | - | - | - | - | (0.17) | (0.03) |
| 13 Strides Emerging Markets Limited | (2.41) | (5.03) | - | - | - | - | - | - | (1.28) | (0.83) |
| 14 Strides Pharma (Cyprus) Limited | (153.89) | (87.37) | - | - | - | - | - | - | - | - |
| 15 Strides Pharma Inc. | (26.56) | (3.91) | - | - | - | - | - | - | - | - |
| 16 Strides Pharma Global Pte Limited | - | - | - | - | - | - | - | - | - | - |
| 17 Solara Active Pharma Sciences Limited | - | - | - | - | - | - | - | - | - | - |
| 18 SeQuent Research Limited | - | - | - | - | - | - | - | - | - | - |
| 19 Tenshi Kaizen Private Limited | - | - | (6.82) | - | - | - | - | - | - | - |
| 20 Universal Corporation Limited | - | - | - | - | - | - | - | - | - | - |
| 21 Vivimed Life Sciences Private Limited | (15.66) | 49.67 | - | - | - | - | - | - | - | - |
| 22 Strides Pharma (UK) Limited, UK | (17.41) | (11.56) | - | - | - | - | - | - | - | - |
| Balance of trade receivables (net of advance received): | | | | | | | | | | |
| 1 Alivira Animal Health Limited | - | - | - | - | - | - | - | - | 1.18 | - |
| 2 Arrow Pharma Pte Limited | 4.52 | 4.15 | - | - | - | - | - | - | - | - |
| 3 Arrow Remedies Private Limited | 0.04 | 0.04 | - | - | - | - | - | - | - | - |
| 4 Arco Lab Private Limited | 29.14 | 1.54 | - | - | - | - | - | - | - | - |
| 5 Beltapharm S.p.A. | - | - | 1.10 | 1.02 | - | - | - | - | - | - |
| 6 Fagris Medica Private Limited | 0.13 | 0.07 | - | - | - | - | - | - | - | - |
| 7 Naari Pharma Private Limited | - | - | - | - | - | - | - | - | 3.47 | - |
| 8 Strides Pharma (UK) Limited, UK | 165.56 | (16.49) | - | - | - | - | - | - | - | - |
| 9 SeQuent Scientific Limited | - | - | - | - | - | - | - | - | - | 8.57 |

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| Particulars | Wholly Owned Subsidiaries | | Other Subsidiaries | | Associates / Joint venture | | Directors /KMP/ Relatives of KMP | | Enterprises owned or significantly influenced by directors or KMP or their relatives | |
|---|---------------------------|----------------------|----------------------|----------------------|----------------------------|----------------------|----------------------------------|----------------------|--|----------------------|
| | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| 10 Shasun USA Inc. | - | - | - | - | - | - | - | - | 0.23 | - |
| 11 Solara Active Pharma Sciences Limited | - | - | - | - | - | - | - | - | 8.80 | 54.18 |
| 12 Strides CIS Limited | 19.07 | 64.63 | - | - | - | - | - | - | - | - |
| 13 Strides Emerging Markets Limited | 276.70 | 91.69 | - | - | - | - | - | - | - | - |
| 14 Strides Pharma Global Pte Limited | 3,978.02 | 2,893.46 | - | - | - | - | - | - | - | - |
| 15 Stelis Biopharma Private Limited | - | - | - | 138.20 | 90.53 | - | - | - | - | - |
| 16 Tenshi Kaizen Private Limited | - | - | - | - | - | - | - | - | 9.56 | 6.00 |
| 17 Tenshi Life Sciences Private Limited | - | - | - | - | - | - | - | - | 11.61 | 5.44 |
| 18 Strides Chemicals Private Limited | - | - | - | - | - | - | - | - | - | 0.57 |
| 19 Strides Consumer Private Limited | - | - | - | 2.02 | 9.28 | - | - | - | - | - |
| 20 Strides Global Consumer Healthcare Limited | - | - | - | 1.17 | 0.69 | - | - | - | - | - |
| 21 Strides Consumer LLC | - | - | - | 29.00 | 0.69 | - | - | - | - | - |
| 22 Strides Pharma Inc. | 13.48 | 39.38 | - | - | - | - | - | - | - | - |
| 23 SVADS Holdings SA | - | 15.62 | - | - | - | - | - | - | - | - |
| 24 Universal Corporation Limited | - | - | 14.43 | 19.53 | - | - | - | - | - | - |
| 25 Vivimed Life Sciences Private Limited | 258.79 | (23.73) | - | - | - | - | - | - | - | - |
| 26 Vensun Pharmaceuticals Inc | 0.44 | (29.17) | - | - | - | - | - | - | - | - |
| 27 Strides Pharma (Cyprus) Limited | 50.94 | (11.43) | - | - | - | - | - | - | - | - |
| 28 Fairmed Healthcare AG | - | - | - | 105.69 | - | - | - | - | - | - |
| 29 Juno OTC Inc | - | - | - | 17.29 | - | - | - | - | - | - |
| Loan Receivable | | | | | | | | | | |
| 1 Strides Consumer Private Limited | - | - | - | - | 30.00 | - | - | - | - | - |
| 2 Strides Emerging Markets Limited | 747.64 | 581.72 | - | - | - | - | - | - | - | - |
| 3 Stelis Biopharma Private Limited | - | - | - | - | - | 250.00 | - | - | - | - |
| 4 Vivimed Life Sciences Private Limited | 725.80 | 166.20 | - | - | - | - | - | - | - | - |
| Dividend Receivable | | | | | | | | | | |
| 1 Strides Pharma Asia Pte Limited | - | 256.39 | - | - | - | - | - | - | - | - |
| Balance of Deposit paid | | | | | | | | | | |
| 1 Atma Projects | - | - | - | - | - | - | - | - | 69.96 | 50.13 |
| 2 Chayadeep Properties Private Limited | - | - | - | - | - | - | - | - | 33.23 | 17.67 |

Notes

forming part of the standalone financial statements for the year ended March 31, 2020

| Particulars | Wholly Owned Subsidiaries | | Other Subsidiaries | | Associates / Joint venture | | Directors /KMP/ Relatives of KMP | | Enterprises owned or significantly influenced by directors or KMP or their relatives | |
|--|---------------------------|----------------------|----------------------|----------------------|----------------------------|----------------------|----------------------------------|----------------------|--|----------------------|
| | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| Balance of deposits received | - | - | - | - | - | - | - | - | (7.20) | (7.20) |
| 1 Solara Active Pharma Sciences Limited | - | - | - | - | - | - | - | - | - | - |
| Other financial assets (liabilities) and other assets (liabilities) | 0.39 | 0.41 | - | - | - | - | - | - | - | - |
| 1 Arrow Remedies Private Limited | 0.09 | 0.08 | - | - | - | - | - | - | - | - |
| 2 Arrow Pharma (Private) Limited, Sri Lanka | - | - | - | 5.07 | - | - | - | - | - | - |
| 3 Arrow Pharmaceuticals Pty Limited | - | (75.80) | - | - | - | - | - | - | - | - |
| 4 Arco Lab Private Limited | - | - | 0.35 | - | - | - | - | - | - | - |
| 5 Beltapharm S.p.A. | 1.24 | 1.22 | - | - | - | - | - | - | - | 551.00 |
| 6 Fagris Medica Private Limited | - | - | - | - | 27.48 | 13.62 | - | - | - | - |
| 7 Solara Active Pharma Sciences Limited | - | - | - | - | - | - | - | - | - | 83.82 |
| 8 Stelis Biopharma Private Limited | - | - | - | - | 2.76 | 4.10 | - | - | - | - |
| 9 Strides Chemicals Private Limited | 84.32 | 20.62 | - | - | - | - | - | - | - | - |
| 10 Strides Consumer Private Limited | (0.38) | (1.14) | - | - | - | - | - | - | - | - |
| 11 Strides Emerging Markets Limited | 251.08 | 20.62 | - | - | - | - | - | - | - | - |
| 12 Strides Pharma Asia Pte Limited | (27.11) | - | - | - | - | - | - | - | 5.86 | 5.86 |
| 13 Strides Pharma (Cyprus) Limited | - | - | - | - | - | - | - | - | - | - |
| 14 Strides Pharma Global Pte Limited | - | - | - | - | - | - | - | - | - | - |
| 15 Tenshi Life Care Private Limited | - | - | - | - | - | - | - | - | - | - |
| 16 Strides Pharma (UK) Limited, UK | 50.67 | 2.06 | 21.75 | 9.55 | - | - | (6.25) | (3.25) | - | - |
| 17 Universal Corporation Limited | - | - | - | - | - | - | (8.50) | - | - | - |
| 18 Vivimed Life Sciences Private Limited | - | - | - | - | - | - | (10.00) | (10.00) | - | - |
| 19 Mr. Badree Komandur | - | - | - | - | - | - | (1.00) | (1.00) | - | - |
| 20 Dr. R Ananthanarayanan | - | - | - | - | - | - | (0.33) | - | - | - |
| 21 Mr. Arun Kumar | - | - | - | - | - | - | (1.00) | (1.00) | - | - |
| 22 Mr. Deepak Vaidya | - | - | - | - | - | - | (1.00) | (1.00) | - | - |
| 23 Dr. Kausalya Santhanam | - | - | - | - | - | - | (1.00) | (1.00) | - | - |
| 24 Mr. S.Sridhar | - | - | - | - | - | - | (1.00) | (1.00) | - | - |
| 25 Mr. Homi Rustam Khusrorkhan | - | - | - | - | - | - | (1.00) | (1.00) | - | - |
| 26 Mrs. Sangita Reddy | - | - | - | - | - | - | (1.00) | (1.00) | - | - |
| 27 Mr. Bharat D Shah | - | - | - | - | - | - | (1.00) | (1.00) | - | - |

Notes

forming part of the standalone financial statements for the year ended March 31, 2020

| Nature of Transactions | Wholly Owned Subsidiaries | | Other Subsidiaries | | Associates / Joint venture | | Directors /KMP/ Relatives of KMP | | Enterprises owned or significantly influenced by KMP or their relatives | |
|--|---------------------------|---------------------------|---------------------------|---------------------------|----------------------------|---------------------------|----------------------------------|---------------------------|---|---------------------------|
| | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| Sales of materials/services | - | - | - | 2.12 | - | - | - | - | - | - |
| 1 Arrow Pharmaceuticals Pty Limited | - | - | 6.60 | 3.21 | - | - | - | - | - | - |
| 2 Amneal Pharmaceuticals Pty Limited | - | - | - | 1.13 | - | - | - | - | - | - |
| 3 Beltapharm S.p.A. | 1,173.70 | 448.30 | - | - | - | - | - | - | - | - |
| 4 Strides Pharma (UK) Limited, UK | 178.57 | 16.41 | - | - | - | - | - | - | - | - |
| 5 Strides Emerging Markets Limited | 136.61 | 198.89 | - | - | - | - | - | - | - | - |
| 6 Strides Pharma (Cyprus) Limited | 8,499.55 | 5,413.86 | - | - | - | - | - | - | - | - |
| 7 Strides Pharma Global Pte Limited | 3.92 | 3.04 | - | - | - | - | - | - | - | - |
| 8 Strides Pharma Inc. | - | 6.05 | - | - | - | - | - | - | - | - |
| 9 Strides Chemicals Private Limited | 8.76 | 72.87 | - | - | - | - | - | - | - | - |
| 10 Strides CIS Limited | - | - | - | - | - | - | - | - | - | - |
| 11 Solara Active Pharma Sciences Limited | - | - | - | - | - | - | - | - | 24.23 | 11.48 |
| 12 Tenshi Kaizen Private Limited | - | - | - | - | - | - | - | - | 0.09 | 0.04 |
| 13 Universal Corporation Limited | - | - | 10.43 | 20.00 | - | - | - | - | - | - |
| 14 Vensun Pharmaceuticals Inc | 3.47 | 2.21 | - | - | - | - | - | - | - | - |
| 15 Fairmed Healthcare AG | - | - | - | - | 102.79 | - | - | - | - | - |
| 16 Juno OTC Inc | - | - | - | - | 17.46 | - | - | - | - | - |
| 17 Strides Consumer LLC | - | - | - | - | 26.47 | - | - | - | - | - |
| 18 Vivimed Life Sciences Private Limited | 179.93 | - | - | - | - | 32.74 | - | - | - | - |
| Royalty income | - | - | - | - | - | - | - | - | - | - |
| 1 Strides Pharma Global Pte Limited | - | 23.39 | - | - | - | - | - | - | - | - |
| Sale of intellectual property rights | 754.41 | 702.08 | - | - | - | - | - | - | - | - |
| 1 Strides Pharma Global Pte Limited | - | 117.34 | - | - | - | - | - | - | - | - |
| 2 Strides Consumer Private Limited | - | - | - | - | - | - | - | - | - | - |
| Sale of property, plant and equipment | 0.12 | 1.13 | - | - | - | - | - | - | - | - |
| 1 Strides Emerging Markets Limited | 0.73 | 1.83 | - | - | - | - | - | - | - | - |
| 2 Strides Pharma Global Pte Limited | 3.99 | - | - | - | - | 0.10 | - | - | - | - |
| 3 Vivimed Life Sciences Private Limited | - | - | - | - | - | - | - | - | - | - |
| 4 Solara Active Pharma Sciences Limited | - | - | - | - | - | - | - | - | 0.02 | - |
| 5 Naari Pharma Private Limited | - | - | - | - | - | - | - | - | 0.01 | - |
| 6 Universal Corporation Limited | - | - | 3.22 | - | - | - | - | - | - | - |
| Sale of business | - | - | - | - | - | - | - | - | - | - |
| 1 Solara Active Pharma Sciences Limited | - | - | - | - | - | - | - | - | - | 347.57 |

Notes

forming part of the standalone financial statements for the year ended March 31, 2020

| Nature of Transactions | Wholly Owned Subsidiaries | | Other Subsidiaries | | Associates / Joint venture | | Directors /KMP/ Relatives of KMP | | Enterprises owned or significantly influenced by KMP or their relatives | |
|--|---------------------------|---------------------------|---------------------------|---------------------------|----------------------------|---------------------------|----------------------------------|---------------------------|---|---------------------------|
| | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| Interest income | | | | | | | | | | |
| 1 Stelis Biopharma Private Limited | - | - | - | - | 7.26 | - | - | - | - | - |
| 2 Strides Consumer Private Limited | - | 8.91 | - | - | 3.01 | 0.84 | - | - | - | - |
| 3 Strides Emerging Markets Limited | 70.78 | 32.57 | - | - | - | - | - | - | - | - |
| 4 Vivimed Life Sciences Private Limited | 54.02 | - | - | - | - | 2.28 | - | - | - | - |
| Guarantee commission income | | | | | | | | | | |
| 1 Arrow Pharmaceuticals Pty Limited | - | - | 2.69 | 4.49 | - | - | - | - | - | - |
| 2 Stelis Biopharma Private Limited | - | - | - | - | 39.77 | 38.43 | - | - | - | - |
| 3 Strides Pharma Asia Pte Limited | 141.92 | 139.73 | - | - | - | - | - | - | - | - |
| 4 Strides Pharma Global Pte Limited | 103.52 | 190.34 | - | - | - | - | - | - | - | - |
| 5 Strides Pharma International Limited | 127.68 | 134.65 | - | - | - | - | - | - | - | - |
| 6 Strides Pharma Inc. | 21.36 | 18.33 | - | - | - | - | - | - | - | - |
| 7 Strides Pharma (UK) Limited, UK | 1.15 | - | - | - | - | - | - | - | - | - |
| 8 Vivimed Life Sciences Private Limited | 2.90 | - | - | - | - | 2.75 | - | - | - | - |
| Support service income | | | | | | | | | | |
| 1 Arrow Pharmaceuticals Pty Limited | - | - | 3.45 | 18.16 | - | - | - | - | - | - |
| 2 Fagris Medica Private Limited | - | 0.06 | - | - | - | - | - | - | - | - |
| 3 Strides Consumer Private Limited | - | 0.05 | - | - | 2.48 | 1.20 | - | - | - | - |
| 4 Strides Global Consumer Healthcare Limited | - | - | - | - | 0.40 | 0.70 | - | - | - | - |
| 5 Strides Consumer LLC | - | - | - | - | 0.40 | 0.70 | - | - | - | - |
| 6 Strides Emerging Markets Limited | 0.48 | 1.88 | - | - | - | - | - | - | - | - |
| 7 Strides Pharma (Cyprus) Limited | 42.64 | 86.68 | - | - | - | - | - | - | - | - |
| 8 Strides Pharma Global Pte Limited | 9.96 | 10.01 | - | - | - | - | - | - | - | - |
| 9 Vivimed Life Sciences Private Limited | - | - | - | - | - | 24.50 | - | - | - | - |
| 10 SeQuant Scientific Limited | - | - | - | - | - | - | - | - | - | 1.05 |
| Rental income from operating leases | | | | | | | | | | |
| 1 Arrow Remedies Private Limited | 0.06 | 0.06 | - | - | - | - | - | - | - | - |
| 2 Arco Lab Private Limited | 30.74 | 9.38 | - | - | - | - | - | - | - | - |
| 3 Fagris Medica Private Limited | 0.06 | - | - | - | - | - | - | - | - | - |
| 4 Strides Consumer Private Limited | - | 0.67 | - | - | 0.76 | 0.20 | - | - | - | - |
| 5 Strides Emerging Markets Limited | 0.17 | 0.15 | - | - | - | - | - | - | - | - |
| 6 Solara Active Pharma Sciences Limited | - | - | - | - | - | - | - | - | 14.46 | 14.46 |

Notes

forming part of the standalone financial statements for the year ended March 31, 2020

| Nature of Transactions | Wholly Owned Subsidiaries | | Other Subsidiaries | | Associates / Joint venture | | Directors /KMP/ Relatives of KMP | | Enterprises owned or significantly influenced by KMP or their relatives | |
|--|---------------------------|---------------------------|---------------------------|---------------------------|----------------------------|---------------------------|----------------------------------|---------------------------|---|---------------------------|
| | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| Dividend income | | | | | | | | | | |
| 1 Strides Pharma Asia Pte Limited | 137.87 | 254.99 | - | - | - | - | - | - | - | - |
| Purchase of materials/services | | | | | | | | | | |
| 1 Aurore Life Sciences Private Limited | - | - | - | - | - | - | - | - | 0.48 | - |
| 2 Beltapharm S.p.A. | - | - | - | 7.20 | - | - | - | - | - | - |
| 3 SeQuant Research Limited | - | - | - | - | - | - | - | - | 0.48 | 1.82 |
| 4 Strides Chemicals Private Limited | 36.15 | 24.44 | - | - | - | - | - | - | - | 97.24 |
| 5 Strides Emerging Markets Limited | 25.96 | - | - | - | - | - | - | - | - | - |
| 6 Strides Pharma Global Pte Limited | - | - | - | - | - | - | - | - | 2,658.92 | 3,172.83 |
| 7 Solara Active Pharma Sciences Limited | - | - | 28.07 | - | - | - | - | - | - | - |
| 8 Universal Corporation Limited | - | - | - | - | - | - | - | - | - | - |
| 9 Vivimed Life Sciences Private Limited | 18.92 | - | - | - | - | 2.43 | - | - | - | 0.71 |
| 10 Tenshi Kaizen Private Limited | - | - | - | - | - | - | - | - | - | - |
| Support service expenses | | | | | | | | | | |
| 1 Arco Lab Private Limited | 433.53 | 96.52 | - | - | - | - | - | - | - | - |
| 2 Strides Pharma Inc. | 23.53 | 19.45 | - | - | - | - | - | - | - | - |
| Purchase of assets | | | | | | | | | | |
| 1 Strides Pharma Inc. | 15.75 | - | - | - | - | - | - | - | - | - |
| Reimbursement of expenses incurred by | | | | | | | | | | |
| 1 Arrow Pharmaceuticals Pty Limited | - | - | - | 1.63 | - | - | - | - | - | - |
| 2 Arco Lab Private Limited | 14.82 | 0.41 | - | - | - | - | - | - | - | - |
| 3 Beltapharm S.p.A. | - | - | 1.32 | - | - | - | - | - | - | - |
| 4 Chayadeep Properties Private Limited | - | - | - | - | - | - | - | - | 2.81 | 13.38 |
| 5 SeQuant Scientific Limited | - | - | - | - | - | - | - | - | 1.38 | - |
| 6 Strides Consumer Private Limited | 5.54 | - | - | - | 0.01 | - | - | - | - | - |
| 7 Strides Emerging Markets Limited | - | - | - | - | - | - | - | - | - | - |
| 8 Sterling Pharma Solutions Limited, UK | - | - | - | - | - | - | - | - | - | - |
| 9 Strides Pharma Global Pte Limited | 33.19 | 11.72 | - | - | - | - | - | - | - | - |
| 10 Strides Pharma (UK) Limited, UK | 0.70 | 15.15 | - | - | - | - | - | - | - | - |
| 11 Strides Pharma (Cyprus) Limited | - | 1.93 | - | - | - | - | - | - | - | - |
| 12 Generic Partners UK Limited | - | 6.91 | - | - | - | - | - | - | - | - |
| 13 Strides CIS Limited | - | 0.94 | - | - | - | - | - | - | - | - |
| 14 Solara Active Pharma Sciences Limited | - | - | - | - | - | - | - | - | 148.38 | 118.87 |
| 15 Strides Pharma Inc. | 3.60 | 2.34 | - | - | - | - | - | - | - | - |

Notes

forming part of the standalone financial statements for the year ended March 31, 2020

| Nature of Transactions | Wholly Owned Subsidiaries | | Other Subsidiaries | | Associates / Joint venture | | Directors /KMP/ Relatives of KMP | | Enterprises owned or significantly influenced by KMP or their relatives | |
|--|---------------------------|---------------------------|---------------------------|---------------------------|----------------------------|---------------------------|----------------------------------|---------------------------|---|---------------------------|
| | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| 16 Tenshi Life Care Private Limited | - | - | - | - | - | - | - | - | 0.15 | - |
| 17 Vivimed Life Sciences Private Limited | - | 2.34 | - | - | - | - | - | - | - | - |
| Reimbursement of expenses incurred on behalf of | | | | | | | | | | |
| 1 Arrow Pharmaceuticals Pty Limited | - | - | 1.90 | 12.23 | - | - | - | - | - | - |
| 2 Arrow Remedies Private Limited | 23.55 | 0.29 | - | - | - | - | - | - | - | - |
| 3 Arco Lab Private Limited | - | 0.10 | - | - | - | - | - | - | - | - |
| 4 Beltapharm S.p.A. | 0.02 | 0.04 | 0.48 | - | - | - | - | - | - | - |
| 5 Fagnis Medica Private Limited | - | - | - | - | - | - | - | - | 2.94 | - |
| 6 Naari Pharma Private Limited | - | - | - | - | - | - | - | - | 16.02 | 72.86 |
| 7 Solara Active Pharma Sciences Limited | - | - | - | - | 15.72 | - | - | - | - | - |
| 8 Stelis Biopharma Private Limited | - | 3.14 | - | - | - | 35.78 | - | - | - | - |
| 9 Strides Chemicals Private Limited | - | 17.30 | - | - | 6.24 | 4.02 | - | - | - | 0.53 |
| 10 Strides Consumer Private Limited | 22.98 | 22.18 | - | - | - | - | - | - | - | - |
| 11 Strides Emerging Markets Limited | 207.95 | 17.10 | - | - | - | - | - | - | - | - |
| 12 Strides Pharma Global Pte Limited | 3.09 | 5.61 | - | - | - | - | - | - | - | - |
| 13 Strides Pharma (Cyprus) Limited | 31.10 | - | - | - | - | - | - | - | - | - |
| 14 Strides Pharma Asia Pte Limited | 25.14 | 6.65 | - | - | - | - | - | - | - | - |
| 15 Strides Pharma Inc. | 65.41 | 33.13 | - | - | - | - | - | - | 5.23 | 4.56 |
| 16 Strides Pharma (UK) Limited, UK | - | - | - | - | - | - | - | - | 2.94 | 7.42 |
| 17 Tenshi Life Sciences Private Limited | - | - | - | - | - | - | - | - | - | 3.41 |
| 18 Tenshi Kaizen Private Limited | - | - | - | - | - | - | - | - | - | - |
| 19 Tenshi Life Care Private Limited | - | - | 10.59 | 7.07 | - | - | - | - | - | - |
| 20 Universal Corporation Limited | - | - | - | - | - | - | - | - | - | - |
| 21 Vivimed Life Sciences Private Limited | 24.94 | - | - | - | - | 4.90 | - | - | - | - |
| Lease Payments | | | | | | | | | | |
| 1 Atma Projects | - | - | - | - | - | - | - | - | 68.45 | 60.44 |
| 2 Chayadeep Properties Private Limited | - | - | - | - | - | - | - | - | 29.00 | 19.39 |
| 3 Devendra Estates LLP | - | - | - | - | - | - | - | - | 3.33 | - |
| Loans / advances given / repaid by Company | | | | | | | | | | |
| 1 Aurore Life Sciences Private Limited | - | - | - | - | - | - | - | - | 15.75 | - |
| 2 Stelis Biopharma Private Limited | - | - | - | - | - | 250.00 | - | - | - | - |

Notes

forming part of the standalone financial statements for the year ended March 31, 2020

| Nature of Transactions | Wholly Owned Subsidiaries | | Other Subsidiaries | | Associates / Joint venture | | Directors /KMP/ Relatives of KMP | | Enterprises owned or significantly influenced by KMP or their relatives | |
|--|---------------------------|---------------------------|---------------------------|---------------------------|----------------------------|---------------------------|----------------------------------|---------------------------|---|---------------------------|
| | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| 3 Strides Emerging Markets Limited | 263.41 | 264.95 | - | - | - | - | - | - | - | - |
| 4 Strides Chemicals Private Limited | - | 80.00 | - | - | - | - | - | - | - | - |
| 5 Strides Consumer Private Limited | 766.60 | 53.80 | - | - | 5.00 | - | - | - | - | - |
| 6 Vivimed Life Sciences Private Limited | - | - | - | - | 166.20 | - | - | - | - | - |
| Loans / advances taken by Company / repaid to Company | | | | | | | | | | |
| 1 Strides Emerging Markets Limited | 97.50 | 150.00 | - | - | - | - | - | - | - | - |
| 2 Stelis Biopharma Private Limited | 207.00 | - | - | - | 250.00 | - | - | - | - | - |
| 3 Vivimed Life Sciences Private Limited | - | - | - | - | - | - | - | - | - | - |
| Investments during the year | | | | | | | | | | |
| 1 Stelis Biopharma Private Limited | 854.87 | - | - | - | 905.04 | 750.00 | - | - | - | - |
| 2 Strides Arcolab International Limited | - | 1,021.59 | - | - | - | - | - | - | - | - |
| 3 Strides Pharma Asia Pte Limited | - | 153.86 | - | - | - | - | - | - | - | - |
| 4 Strides Consumer Private Limited | - | 1.60 | - | - | - | - | - | - | - | - |
| 5 Arco Lab Private Limited | - | - | - | - | 688.80 | - | - | - | - | - |
| 6 Vivimed Life Sciences Private Limited | - | - | - | - | - | - | - | - | - | - |
| Investments sold to | | | | | | | | | | |
| 1 Solara Active Pharma Sciences Limited | - | - | - | - | - | - | - | - | 1,310.00 | - |
| Share application money paid | | | | | | | | | | |
| 1 Stelis Biopharma Private Limited | - | - | - | - | 25.00 | - | - | - | - | - |
| Refund of Share application money | | | | | | | | | | |
| 1 Strides Pharma Asia Pte Limited | 0.09 | 0.17 | - | - | - | - | - | - | - | - |
| 2 Strides Arcolab International Limited | - | - | - | - | - | - | - | - | - | - |
| Lease deposit paid | | | | | | | | | | |
| 1 Chayadeep Properties Private Limited | - | - | - | - | - | - | - | - | 15.56 | 10.32 |
| 2 Atma Projects | - | - | - | - | - | - | - | - | 19.83 | - |
| Lease deposit received | | | | | | | | | | |
| 1 Solara Active Pharma Sciences Limited | - | - | - | - | - | - | - | - | - | 7.20 |
| Donation Paid | | | | | | | | | | |
| 1 Strides Foundation Trust | - | - | - | - | - | - | - | - | 20.20 | 22.75 |
| Short term employee benefits paid to (Refer note (f) below) | | | | | | | | | | |
| 1 Mr. Arun Kumar | - | - | - | - | - | - | 72.08 | 50.00 | - | - |
| 2 Dr. R. Ananthanarayanan | - | - | - | - | - | - | 32.97 | - | - | - |

Notes

forming part of the standalone financial statements for the year ended March 31, 2020

| Nature of Transactions | Wholly Owned Subsidiaries | | Other Subsidiaries | | Associates / Joint venture | | Directors /KMP/ Relatives of KMP | | Enterprises owned or significantly influenced by KMP or their relatives | |
|--|---------------------------|---------------------------|---------------------------|---------------------------|----------------------------|---------------------------|----------------------------------|---------------------------|---|---------------------------|
| | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| 3 Mr. Badree Komandur | - | - | - | - | - | - | 37.20 | 32.11 | - | - |
| 4 Ms. Manjula Ramamurthy | - | - | - | - | - | - | 3.99 | 3.38 | - | - |
| 5 Mr. Shashank Sinha | - | - | - | - | - | - | - | 10.06 | - | - |
| Employee stock option expenses | | | | | | | | | | |
| 1 Mr. Badree Komandur | - | - | - | - | - | - | 1.65 | 3.07 | - | - |
| 2 Ms. Manjula Ramamurthy | - | - | - | - | - | - | 0.33 | 0.30 | - | - |
| Sitting fees paid | | | | | | | | | | |
| 1 Dr. Kausalya Santhanam | - | - | - | - | - | - | 0.40 | - | - | - |
| 2 Mr. Deepak Vaidya | - | - | - | - | - | - | 1.20 | 1.40 | - | - |
| 3 Mr. S.Sridhar | - | - | - | - | - | - | 1.20 | 1.60 | - | - |
| 4 Mr. Homi Rustam Khusrorkhan | - | - | - | - | - | - | 1.00 | 1.40 | - | - |
| 5 Mrs. Sangita Reddy | - | - | - | - | - | - | 0.30 | 0.40 | - | - |
| 6 Mr. Bharat D Shah | - | - | - | - | - | - | 1.20 | 1.60 | - | - |
| Remuneration to Non-executive directors | | | | | | | | | | |
| 1 Mr. Deepak Vaidya | - | - | - | - | - | - | 1.00 | 1.00 | - | - |
| 2 Dr. Kausalya Santhanam | - | - | - | - | - | - | 0.33 | - | - | - |
| 3 Mr. S.Sridhar | - | - | - | - | - | - | 1.00 | 1.00 | - | - |
| 4 Mr. Homi Rustam Khusrorkhan | - | - | - | - | - | - | 1.00 | 1.00 | - | - |
| 5 Mrs. Sangita Reddy | - | - | - | - | - | - | - | 1.00 | - | - |
| 6 Mr. Bharat D Shah | - | - | - | - | - | - | 1.00 | 1.00 | - | - |

Note

i. The compensation excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

Notes

forming part of the standalone financial statements for the year ended March 31, 2020

Note No.45 Lease arrangements

A. The Company as lessee:

Leasing arrangement

The Company's significant leasing arrangements are mainly in respect of factory land and buildings, residential and office premises. The aggregate lease rentals payable on these leasing arrangements charged to the Statement of Profit and Loss during the previous year was ₹142.23 Million. For the current year, leases have been accounted as per Ind AS 116 (refer note 5).

Payments recognised as an expense

Non-cancellable operating lease commitments

| Particulars | ₹ in Million | |
|--|-----------------|----------------|
| | March 31, 2020* | March 31, 2019 |
| Not later than 1 year | - | 16.27 |
| Later than 1 year and not later than 5 years | - | 75.44 |
| Later than 5 years | - | 14.23 |
| Total | - | 105.94 |

*As on March 31, 2020, these leases have been accounted as per Ind AS 116 (refer note 5 & note 47.5)

Leasing arrangement

The Company has certain finance lease arrangements for certain equipment, which provide the Company an option to purchase the assets at the end of the lease period. Details relating to these assets and minimum lease rentals payable are as follows:

Finance lease liabilities

| Particulars | ₹ in Million | |
|--|-----------------|----------------|
| | March 31, 2020* | March 31, 2019 |
| Future minimum lease payments: | | |
| Not later than 1 year | - | 22.20 |
| Later than one year but not later than 5 years | - | - |
| Later than 5 years | - | - |
| Total | - | 22.20 |
| Less: Unmatured finance charges | - | (1.37) |
| Present value of minimum lease payments payable | - | 20.83 |
| Up to one year | - | - |
| From one year to five years | - | - |
| Above five years | - | - |

*As on March 31, 2020, these leases have been accounted as per Ind AS 116 (refer note 5 & note 47.5)

B. The Company as lessor:

Leasing arrangement

The Company has entered into operating lease arrangements for lease of factory land and building for a term ranging from 4 to 18 years with non-cancellable lease period of 4 to 8 years. Details relating to these assets and minimum lease rentals receivable are as follows:

| Particulars | ₹ in Million | |
|--|-----------------|----------------|
| | March 31, 2020* | March 31, 2019 |
| Gross carrying amount of assets leased | 960.24 | 960.24 |
| Accumulated depreciation | 236.67 | 191.44 |
| Future minimum lease income: | | |
| Not later than one year | 82.73 | 78.19 |
| Later than one year but not later than 5 years | 44.02 | 126.76 |
| Later than 5 years | - | - |
| Total | 126.75 | 204.95 |

Notes

forming part of the standalone financial statements for the year ended March 31, 2020

Note No.46 Earnings per share

| Particulars | ₹ in Million | |
|---|--------------------|----------------|
| | For the year ended | |
| | March 31, 2020 | March 31, 2019 |
| Basic earnings per share: | | |
| From continuing operations | 12.47 | 12.78 |
| From discontinued operations | - | (0.45) |
| Total basic earnings per share | 12.47 | 12.33 |
| Diluted earnings per share: | | |
| From continuing operations | 12.47 | 12.77 |
| From discontinued operations | - | (0.45) |
| Total diluted earnings per share | 12.47 | 12.32 |

Earnings used in computing basic and diluted earnings per share

| Particulars | ₹ in Million | |
|---|--------------------|-----------------|
| | For the year ended | |
| | March 31, 2020 | March 31, 2019 |
| Profit attributable to the equity holders of the Company | | |
| From continuing operations | 1,116.99 | 1,144.10 |
| From discontinued operations | - | (40.43) |
| Total operations | 1,116.99 | 1,103.67 |

Weighted average number of shares used as the denominator

| Particulars | ₹ in Million | |
|---|--------------------|-------------------|
| | For the year ended | |
| | March 31, 2020 | March 31, 2019 |
| Weighted average number of equity shares used as denominator in calculating basic earnings per share | 89,553,029 | 89,548,390 |
| Adjustments for calculation of diluted earnings per share: | | |
| - employee stock options | 29,126 | 26,393 |
| Weighted average number of equity shares used as denominator in calculating diluted earnings per share | 89,582,155 | 89,574,783 |

Note No.47 Financial instruments

47.1 Categories of financial instruments

| Particulars | ₹ in Million | |
|--|--------------|-----------|
| | 31-Mar-20 | 31-Mar-19 |
| Financial assets: | | |
| Measured at fair value through profit or loss (FVTPL) | | |
| (a) Mandatorily measured: | | |
| (i) Investment in mutual funds | - | 1,542.86 |
| (ii) Investment in preferred stock of associates | - | 750.00 |
| Measured at amortised cost | | |
| (a) Cash and bank balances | 1,091.00 | 1,808.13 |
| (b) Loans receivable | 1,732.26 | 1,192.12 |
| (c) Trade receivables | 6,614.59 | 5,825.60 |
| (d) Share application money pending allotment | 25.00 | - |
| (e) Receivables from related parties | 283.07 | 46.16 |
| (f) Dividend receivable from subsidiaries | - | 256.39 |
| (g) Other financial assets at amortised cost | 182.89 | 634.73 |

Notes

forming part of the standalone financial statements for the year ended March 31, 2020

| Particulars | ₹ in Million | |
|---|--------------|-----------|
| | 31-Mar-20 | 31-Mar-19 |
| Measured at FVTOCI | | |
| (a) Fair value of derivatives designated in a cash flow hedge | 6.28 | 190.20 |
| Financial liabilities: | | |
| Measured at FVTOCI | | |
| (a) Derivative financial liabilities | 332.83 | 0.15 |
| Measured at amortised cost | | |
| (a) Borrowings including current maturities of non current borrowings | 8,526.07 | 8,091.61 |
| (b) Lease Liabilities | 489.66 | 20.83 |
| (c) Security deposit | 36.90 | 33.38 |
| (d) Trade payables | 4,741.09 | 5,094.01 |
| (e) Unclaimed dividends | 59.84 | 56.28 |
| (f) Payables on purchase of non-current investments | - | 40.51 |
| (g) Payable to subsidiaries | 27.50 | 76.94 |
| (h) Other Financial Liabilities | 190.22 | 62.51 |

Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

| Financial assets / financial liabilities | Fair value as at | | Fair value hierarchy | Valuation technique(s) and key input(s) |
|--|------------------|-----------|----------------------|---|
| | 31-Mar-20 | 31-Mar-19 | | |
| Financial assets: | | | | |
| Foreign currency forward contracts designated in hedge accounting relationships (FVTOCI) | 6.28 | 190.20 | Level 2 | The fair value of forward foreign contracts are determined using spot and forward exchange rates at the balance sheet date. |
| Compulsorily Convertible Preference shares, unquoted | - | 750.00 | Level 3 | Fair value of the instruments are determined using equity valuation method. |
| Investment in Mutual fund (quoted) | - | 1,542.86 | Level 1 | Fair value is determined based on the net asset value published by respective funds. |
| Financial liabilities: | | | | |
| Foreign currency forward contracts designated in hedge accounting relationships (FVTOCI) | 332.83 | 0.15 | Level 2 | The fair value of forward foreign contracts are determined using forward exchange rates at the balance sheet date. |

Notes

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Sensitivity of unobservable inputs used in Level 3 fair value measurements

Reconciliation of Level 3 fair value measurements

| Particulars | ₹ in Million | |
|------------------------|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Opening balance | 750.00 | 1.08 |
| Addition | - | 750.00 |
| Disposal / settlements | (750.00) | (1.08) |
| Closing balance | - | 750.00 |

47.2 Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Except as detailed in the following table, the Company considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements at amortised cost will reasonably approximate their fair values.

| Particulars | ₹ in Million | | | |
|------------------------------|-----------------|------------|-----------------|------------|
| | March 31, 2020 | | March 31, 2019 | |
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial assets | | | | |
| Loans | 755.80 | 755.80 | 777.92 | 777.92 |
| Security deposit | 204.85 | 206.10 | 138.20 | 140.29 |
| Financial liabilities | | | | |
| Borrowings | 8,526.07 | 8,526.07 | 8,112.44 | 8,112.44 |
| Lease liabilities | 489.66 | 489.66 | - | - |
| Security deposit | 36.90 | 40.94 | 33.38 | 40.94 |

47.3 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivatives financial instruments to mitigate foreign exchange related risk exposures. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes maybe undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Foreign currency risk management

The Company is exposed to foreign exchange risk due to:

- debt availed in foreign currency
- net investments in subsidiaries and joint ventures that are in foreign currencies
- exposure arising from transactions relating to purchases, revenues, expenses, etc., to be settled (within and outside the group) in currencies other than the functional currency (i.e Indian rupees)

Exchange rate exposures are managed within approved policy parameters by utilising forward foreign exchange contracts.

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47.3.1 Forward foreign exchange contracts

It is the policy of the Company to enter into forward foreign exchange contracts to cover the following:

- repayments of specific foreign currency borrowings.
- forecast sales transactions

The following table details the forward foreign currency contracts outstanding at the end of the reporting period:

Contracts designated in a cash flow hedge

| Outstanding contracts | Underlying Exposure | Average exchange rate (in ₹) | Foreign currency (US\$ in Million) | Nominal amounts (₹ in Million) | Fair value assets (liabilities) (₹ in Million) |
|-----------------------------|---------------------|------------------------------|------------------------------------|--------------------------------|--|
| As at March 31, 2020 | | | | | |
| Sell USD | Forecast sales | | | | |
| Less than 3 months | | 73.23 | 30.00 | 2196.79 | 2,110.62 |
| 3 to 6 months | | 74.16 | 30.00 | 2,224.78 | 2,144.54 |
| 6 to 12 months | | 75.15 | 60.00 | 4,509.19 | 4,345.49 |
| Sell EUR | Forecast sales | | | | |
| Less than 3 months | | 83.82 | 0.30 | 25.15 | 25.36 |
| Sell GBP | Forecast sales | | | | |
| Less than 3 months | | 94.83 | 2.25 | 213.36 | 214.83 |
| 3 to 6 months | | 95.77 | 2.25 | 215.47 | 216.82 |
| 6 to 12 months | | 96.52 | 0.75 | 72.39 | 72.92 |
| Total | | | | 9,457.13 | 9,130.58 |
| As at March 31, 2019 | | | | | |
| Sell USD | Forecast sales | | | | |
| Less than 3 months | | 71.12 | 24.00 | 1,706.78 | 1,740.22 |
| 3 to 6 months | | 74.78 | 24.00 | 1,794.77 | 1,898.10 |
| 6 to 12 months | | 72.98 | 28.00 | 2,043.41 | 2,096.69 |
| Total | | | 76.00 | 5,544.96 | 5,735.01 |

The line-items in the balance sheet that include the above hedging instruments are - Other financial assets (Refer note 10(ii)) & Other current financial liabilities (Refer note 21(ii))

The details of unhedged foreign currency exposure as reported to key management personnel of the Company are as follows:

Receivable/(payable) / cash and bank/ (borrowings)

| Exposure to the currency | ₹ in Million | | | |
|--------------------------|----------------------|------------|----------------------|----------|
| | As at March 31, 2020 | | As at March 31, 2019 | |
| | in foreign currency | in ₹ | in foreign currency | in ₹ |
| USD | (29.10) | (2,194.13) | (7.63) | (528.24) |
| AUD | 8.21 | 379.19 | 9.43 | 462.60 |
| EUR | 1.81 | 149.97 | 1.83 | 141.77 |
| CAD | 2.13 | 114.11 | 1.64 | 84.78 |
| GBP | 1.87 | 175.11 | 0.71 | 64.07 |
| SGD | 0.07 | 3.45 | 0.03 | 1.60 |
| JPY | (0.38) | (0.27) | (0.38) | (0.24) |
| AED | 0.01 | 0.12 | - | - |
| LKR | 0.05 | 0.02 | - | - |
| CHF | (0.00) | (0.07) | 0.18 | 12.81 |

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47.3.2 Foreign currency sensitivity analysis

Financial instruments affected by changes in foreign exchange rates include loans in foreign currencies and receivables/payables from/to subsidiaries and joint ventures. The Company considers US Dollar and the Euro to be principal currencies which require monitoring and risk mitigation. The Company is exposed to volatility in other currencies including the Great Britain Pounds (GBP), United states Dollar (USD), Euro (EUR), Canadian Dollar (CAD) and the Australian Dollar (AUD). The impact on account of 5% appreciation / depreciation in the exchange rate of the above foreign currencies against ₹ is given below:

| Exposure to the currency | ₹ in Million | | | |
|--------------------------|---------------------------------|----------------|---------------------------------|----------------|
| | Increase / (decrease) in equity | | Increase / (decrease) in profit | |
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| Appreciation in the USD | (82.11) | (11.80) | (71.37) | (17.18) |
| Depreciation in the USD | 82.11 | 11.00 | 71.37 | 17.18 |
| Appreciation in the EUR | 4.89 | 4.61 | 4.88 | 4.61 |
| Depreciation in the EUR | (4.89) | (4.61) | (4.88) | (4.61) |
| Appreciation in the AUD | 12.33 | 15.05 | 12.33 | 15.05 |
| Depreciation in the AUD | (12.33) | (15.05) | (12.33) | (15.05) |
| Appreciation in the CAD | 3.71 | 2.76 | 3.71 | 2.76 |
| Depreciation in the CAD | (3.71) | (2.76) | (3.71) | (2.76) |
| Appreciation in the GBP | 5.80 | 2.08 | 5.70 | 2.08 |
| Depreciation in the GBP | (5.80) | (2.08) | (5.70) | (2.08) |

The impact on profit has been arrived at by applying the effects of appreciation / depreciation effects of currency on the net position (Assets in foreign currency - Liabilities in foreign currency) in the respective currencies.

For the purposes of the above table, it is assumed that the carrying value of the financial assets and liabilities as at the end of the respective financial years remains constant thereafter. The exchange rate considered for the sensitivity analysis is the exchange rate prevalent as at each year end.

The sensitivity analysis might not be representative of inherent foreign exchange risk due to the fact that the foreign exposure at the end of the reporting period might not reflect the exposure during the year.

47.4 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk to the company primarily arises from trade receivables. Credit risk also arises from cash and cash equivalents, financial instruments and deposits with banks and financial institutions and other financial assets.

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company has an internal mechanism of determining the credit rating of the customers and setting credit limits. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Company is not significantly exposed to geographical credit risk as the counterparties operate across various countries across the globe.

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

Also refer note 15.

Notes

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47.5 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual short term and long term cash flows, and by matching the maturity profiles of financial assets and liabilities. A portion of the company's surplus cash is retained as investments in Liquid Mutual Funds to fund short term requirements. Also refer to Note 2.1 on net current liability position of the Group as of March 31, 2020 and management's plan to mitigate such risk.

47.5.1 Liquidity analysis for non-derivative liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

| Financial liabilities | Due within (years) | | | | | | Total | Carrying amount |
|--|--------------------|--------|--------|--------|--------|----------|----------|-----------------|
| | ₹ in Million | | | | | | | |
| | 1 | 1 to 2 | 2 to 3 | 3 to 4 | 4 to 5 | beyond 5 | | |
| Bank and other borrowings | | | | | | | | |
| - As on March 31, 2020 | 8,526.07 | - | - | - | - | - | 8,526.07 | 8,526.07 |
| - As on March 31, 2019 | 8,110.92 | 1.52 | - | - | - | - | 8,112.44 | 8,112.44 |
| Interest payable on borrowings | | | | | | | | |
| - As on March 31, 2020 | 39.23 | - | - | - | - | - | 39.23 | 39.23 |
| - As on March 31, 2019 | - | - | - | - | - | - | - | - |
| Lease liabilities | | | | | | | | |
| - As on March 31, 2020 | 144.34 | 153.97 | 137.67 | 69.67 | 57.75 | 30.56 | 593.96 | 489.66 |
| - As on March 31, 2019 | - | - | - | - | - | - | - | - |
| Trade and other payable not in borrowings | | | | | | | | |
| - As on March 31, 2020 | 4,979.42 | - | - | - | - | 40.94 | 5,020.36 | 5,016.32 |
| - As on March 31, 2019 | 5,330.25 | - | - | - | - | 40.94 | 5,371.19 | 5,363.63 |

47.5.2 Liquidity analysis for derivative financial instruments-

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. Outflows are represented in brackets in table below:

| Particulars | ₹ In Million | | | | | |
|--------------------------------------|-----------------|--------------------|----------------|--------------------|-----------|----------|
| | Total | less than 3 months | 3 to 6 months | 6 months to 1 year | 1-5 years | 5+ years |
| March 31, 2020 | | | | | | |
| Net settled: | | | | | | |
| - foreign exchange forward contracts | (326.55) | (84.49) | (78.89) | (163.17) | - | - |
| Total | (326.55) | (84.49) | (78.89) | (163.17) | - | - |
| March 31, 2019 | | | | | | |
| Net settled: | | | | | | |
| - foreign exchange forward contracts | 190.05 | 33.44 | 103.33 | 53.28 | - | - |
| Total | 190.05 | 33.44 | 103.33 | 53.28 | - | - |

Notes

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47.6 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 finalising 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 statements for the year ended March 31, 2020.

Note No.48 Capital management

The Company manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings as detailed in notes 20 and 21(ii) offset by cash and bank balances) and total equity.

The Company reviews the capital structure on a quarterly basis to ensure that it in compliance with the required covenants. The Company has a target gearing ratio of 1:1 determined as the proportion of net debt to total equity. The gearing ratio at March 31, 2020 is 0.23.

The Company is not subject to any externally imposed capital requirements.

48.1 Gearing ratio

The gearing ratio at end of the reporting period was as follows.

| Particulars | ₹ in Million | |
|--------------------------------|------------------|------------------|
| | March 31, 2020 | March 31, 2019 |
| Debt ⁽ⁱ⁾ | 8,526.07 | 8,112.44 |
| Less: | | |
| Investment in mutual funds | - | (1,542.86) |
| Cash and bank balances | (1,091.00) | (1,808.13) |
| Net Debt (A) | 7,435.07 | 4,761.45 |
| Total Equity (B) | 31,751.69 | 32,567.98 |
| Net debt to equity ratio (A/B) | 0.23 | 0.15 |

(i) Debt is defined as long-term borrowings, current maturities of long-term borrowings and short-term borrowings.

Note No.49 Segment Information

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

Note No.50 Other Matters

(a) In respect of freehold land to the extent of 4.69 acres (as at March 31, 2020 gross block and net block amounting to ₹174.30 Million) capitalised in the books of the Company, the title deeds are under dispute. The Company based on its internal assessment believes that it has title deed in its name and it will be able to defend any counter claims on such parcel of land under dispute.

(b) The title deeds of freehold land and building admeasuring 21.41 acres (as at March 31, 2019 gross block ₹702.60 Million and net block of ₹501 Million) capitalised in the books of the Company are in the name of erstwhile Companies which were merged with the Company under section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honorable High Courts of judicature. The Company is in the process transferring the title deeds of such properties in its name.

Notes

forming part of the standalone financial statements for the year ended March 31, 2020

(c) In respect of building admeasuring 750 sq. ft. (as at March 31, 2020 gross block of ₹3.55 Million and net block ₹1.21 Million) capitalised in the books of the Company, the title deeds are not in the name of the Company. The Company is in the process of transferring the title deeds of such building in its name.

Note No.51 Transfer Pricing

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act, 1961. Since the law required existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international as well as domestic transactions entered into with the associated enterprise during the financial year and expects such records to be in existence as required by law. The Management is of the opinion that its international as well as domestic transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for tax.

Note No.52 During the year ended March 31, 2020, no material foreseeable loss (March 31, 2019: Nil) was incurred for any long-term contract including derivative contracts.

Note No.53 The previous year's figures have been re-grouped/ reclassified, where necessary to confirm to current year's classification.

Note No.54 Events after reporting period

On May 20, 2020, the Board of Directors of the Company has proposed a final dividend of ₹2 per equity share. The proposed dividend is subject to approval of the shareholders in the annual general meeting.

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

As per our report of even date attached for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

for and on behalf of Board of Directors of Strides Pharma Science Limited

Sampad Guha Thakurta
Partner
Membership No.: 060573
Bengaluru, May 20, 2020

Dr. R. Ananthanarayanan
Managing Director & CEO
DIN : 02231540

Badree Komandur
Executive Director-Finance & Group CFO
DIN: 07803242

Manjula R.
Company Secretary
Membership No.: A30515

Equity History of the Company

| Date | Particulars | Number of Shares Issued | Cumulative Number of Shares Issued | Face Value per share (₹) | Equity Share Capital issued (₹) | Equity Share Capital (Cumulative) (₹) |
|----------------------------|---|-------------------------|------------------------------------|--------------------------|---------------------------------|---------------------------------------|
| 28-Jun-90 | Subscribers to Memorandum of Association | 50 | 50 | 100 | 5,000 | 5,000 |
| 31-Jan-91 | Preferential Issue | 4,010 | 4,060 | 100 | 401,000 | 406,000 |
| 29-Mar-91 | Preferential Issue | 1,940 | 6,000 | 100 | 194,000 | 600,000 |
| 31-Mar-92 | Preferential Issue | 4,000 | 10,000 | 100 | 400,000 | 1,000,000 |
| 28-Jan-93 | Preferential Issue | 15,000 | 25,000 | 100 | 1,500,000 | 2,500,000 |
| 11-Mar-94 | Preferential Issue | 20 | 25,020 | 100 | 2,000 | 2,502,000 |
| 11-Apr-94 | Reclassification of nominal value of shares from ₹ 100 each to ₹ 10 each | - | 250,200 | 10 | - | 2,502,000 |
| 30-Apr-94 | Issue of Bonus Shares | 1,251,000 | 1,501,200 | 10 | 12,510,000 | 15,012,000 |
| 01-Sep-94 | Preferential Issue | 1,160,300 | 2,661,500 | 10 | 11,603,000 | 26,615,000 |
| 01-Sep-94 | Allotment under ESOP | 22,950 | 2,684,450 | 10 | 229,500 | 26,844,500 |
| 22-Jan-97 | Preferential Issue | 918,980 | 3,603,430 | 10 | 9,189,800 | 36,034,300 |
| 06-Dec-97 | Preferential Issue | 400,000 | 4,003,430 | 10 | 4,000,000 | 40,034,300 |
| 13-May-99 | Preferential Issue on conversion of Fully Convertible Debentures | 4,363,636 | 8,367,066 | 10 | 43,636,360 | 83,670,660 |
| 13-May-99 | Preferential Issue | 221,000 | 8,588,066 | 10 | 2,210,000 | 85,880,660 |
| 13-Jul-99 | Preferential Issue | 516,500 | 9,104,566 | 10 | 5,165,000 | 91,045,660 |
| 24-Aug-99 | Allotment to erstwhile shareholders of Remed Laboratories (India) Limited consequent to its amalgamation with the Company | 1,200,000 | 10,304,566 | 10 | 12,000,000 | 103,045,660 |
| 24-Aug-99 | Preferential Issue | 1,702,000 | 12,006,566 | 10 | 17,020,000 | 120,065,660 |
| 24-Aug-99 | Allotment to erstwhile shareholders of Global Remedies Private Limited consequent to its acquisition by the Company | 50,000 | 12,056,566 | 10 | 500,000 | 120,565,660 |
| 22-Sep-99 | Preferential Issue | 850,000 | 12,906,566 | 10 | 8,500,000 | 129,065,660 |
| 07-Dec-99 | Allotment to erstwhile shareholders of Plama Laboratories Limited consequent to its amalgamation with the Company | 712,500 | 13,619,066 | 10 | 7,125,000 | 136,190,660 |
| 27-Jun-01 | Preferential Issue on conversion of Cumulative Convertible Preference Shares | 3,144,445 | 16,763,511 | 10 | 31,444,450 | 167,635,110 |
| 24-Jan-02 | Allotment to erstwhile shareholders of Bombay Drugs & Pharma Limited consequent to its amalgamation with the Company. | 210,955 | 16,974,466 | 10 | 2,109,550 | 169,744,660 |
| 14-Feb-02 | Preferential Issue | 13,714,286 | 30,688,752 | 10 | 137,142,860 | 306,887,520 |
| 11-Dec-03 | Preferential Issue on conversion of warrants | 3,068,875 | 33,757,627 | 10 | 30,688,750 | 337,576,270 |
| 02-Feb-05 | Preferential Issue | 1,196,662 | 34,954,289 | 10 | 11,966,620 | 349,542,890 |
| 05-Jul-07 | Preferential Issue on conversion of warrants | 50,000 | 35,004,289 | 10 | 500,000 | 350,042,890 |
| 08-Mar-08 | Preferential Issue on conversion of Convertible Debentures | 4,000,000 | 39,004,289 | 10 | 40,000,000 | 390,042,890 |
| 17-Jun-08 | Preferential Issue on conversion of Convertible Debentures | 1,045,725 | 40,050,014 | 10 | 10,457,250 | 400,500,140 |
| 13 Aug 2009 to 03 Dec 2009 | Allotment under ESOP | 165,600 | 40,215,614 | 10 | 1,656,000 | 402,156,140 |
| 19-Jan-10 | Allotment to erstwhile shareholders of Grandix Pharmaceuticals Limited consequent to its amalgamation with the Company. | 12,822 | 40,228,436 | 10 | 128,220 | 402,284,360 |

| Date | Particulars | Number of Shares Issued | Cumulative Number of Shares Issued | Face Value per share (₹) | Equity Share Capital issued (₹) | Equity Share Capital (Cumulative) (₹) |
|--------------------------|--|-------------------------|------------------------------------|--------------------------|---------------------------------|---------------------------------------|
| 19-Jan-10 | Allotment to erstwhile shareholders of Grandix Laboratories Limited consequent to its amalgamation with the Company. | 702 | 40,229,138 | 10 | 7,020 | 402,291,380 |
| 24-Feb-10 | Preferential Issue on conversion of warrants | 2,560,000 | 42,789,138 | 10 | 25,600,000 | 427,891,380 |
| 15-Mar-10 | Preferential Issue on conversion of warrants | 420,000 | 43,209,138 | 10 | 4,200,000 | 432,091,380 |
| 22 April 10 to 24 Aug 10 | Allotment under ESOP | 492,000 | 43,701,138 | 10 | 4,920,000 | 437,011,380 |
| 26-Aug-10 | Preferential Issue on conversion of warrants | 3,220,000 | 46,921,138 | 10 | 32,200,000 | 469,211,380 |
| 1-Oct-10 | Allotment under QIP 2010 | 10,742,533 | 57,663,671 | 10 | 107,425,330 | 576,636,710 |
| 4 Oct 10 to 16 Nov 10 | Allotment under ESOP | 81,000 | 57,744,671 | 10 | 810,000 | 577,446,710 |
| 24 Feb 11 to 15 Oct 11 | Allotment under ESOP | 635,500 | 58,380,171 | 10 | 6,355,000 | 583,801,710 |
| 4 Feb 12 to 19 Oct 12 | Allotment under ESOP | 423,550 | 58,803,721 | 10 | 4,235,500 | 588,037,210 |
| 12 Feb 13 to 18 Dec 13 | Allotment under ESOP | 761,900 | 59,565,621 | 10 | 7,619,000 | 595,656,210 |
| 24 Feb 15 to 22 May 15 | Allotment under ESOP | 60,000 | 59,625,621 | 10 | 600,000 | 596,256,210 |
| 20-Nov-15 | Upon Amalgamation of Shasun Pharmaceuticals with Strides (5 shares of Strides for 16 shares of Shasun) | 21,017,329 | 80,642,950 | 10 | 210,173,290 | 806,429,500 |
| 23-Dec-15 | Allotment under QIP 2015 | 8,628,028 | 89,270,978 | 10 | 86,280,280 | 892,709,780 |
| 7-Mar-16 | Allotment under ESOP | 75,000 | 89,345,978 | 10 | 750,000 | 893,459,780 |
| 5-May-16 | Allotment under ESOP | 20,000 | 89,365,978 | 10 | 200,000 | 893,659,780 |
| 28-Oct-16 | Allotment under ESOP | 2,717 | 89,368,695 | 10 | 27,170 | 893,686,950 |
| 11-Feb-17 | Allotment under ESOP | 4,311 | 89,373,006 | 10 | 43,110 | 893,730,060 |
| 16-Mar-17 | Allotment under ESOP | 50,000 | 89,423,006 | 10 | 500,000 | 894,230,060 |
| 10-Jun-17 | Allotment under ESOP | 50,000 | 89,473,006 | 10 | 500,000 | 894,730,060 |
| 20-Jul-17 | Allotment under ESOP | 20,000 | 89,493,006 | 10 | 200,000 | 894,930,060 |
| 31-Oct-17 | Allotment under ESOP | 5,654 | 89,498,660 | 10 | 56,540 | 894,986,600 |
| 9-Feb-18 | Allotment under ESOP | 1,375 | 89,500,035 | 10 | 13,750 | 895,000,350 |
| 6-Apr-18 | Allotment under ESOP | 48,878 | 89,548,913 | 10 | 488,780 | 895,489,130 |
| 27-Dec-18 | Allotment under ESOP | 563 | 89,549,476 | 10 | 5,630 | 895,494,760 |
| 25-Oct-19 | Allotment under ESOP | 3,350 | 89,552,826 | 10 | 33,500 | 895,528,260 |
| 30-Jan-20 | Allotment under ESOP | 12,638 | 89,565,464 | 10 | 126,380 | 895,654,640 |
| 20-May-20 | Allotment under ESOP | 2,200 | 89,567,664 | 10 | 22,000 | 895,676,640 |



Strides Pharma Science Limited

(Formerly Strides Shasun Limited)

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